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# ***JPRS Report***

## **East Europe**

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# East Europe

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## CZECHOSLOVAKIA

### Urbanek Presents CPCZ CC Presidium Report at Extraordinary Congress

90EC0186A Prague RUDE PRAVO in Czech  
21 Dec 89 p 3

[Report of the CPCZ [Czechoslovak Communist Party] CC [Central Committee] presented at the extraordinary congress by Karel Urbanek]

[Text] Comrades, the Presidium of the Central Committee of the Communist Party of Czechoslovakia, elected at the party meeting on 26 November of this year, presents to the delegates of this extraordinary congress its political report which does not claim to provide an exhaustive explanation of all processes and circumstances that have led to the current situation in our party and society. We believe that a report to a regular party congress should fulfill that task. Therefore, we tried above all to describe the main trends and traits of the developments thus far, and to express the prevailing views on the current and past events in a way which in our opinion reflects the thinking of most Czechoslovak communists.

Our party found itself in a profound crisis which gave rise to a crisis of our entire society. Today it is our task to stop this pernicious process and to restore the party's ability to participate in the solution of our social crisis.

#### The Cause of the Crisis—Stalinist Deformations

The fundamental cause of the crisis are the Stalinist deformations. In their essence, they stemmed from an undemocratic, centralist, administrative directive system of management which paralyzed the inner life of the party and its capacity to find realistic solutions for issues related to the development of society. It led to gross deformations of socialist democracy. It alienated the party and the agencies of the state administration and economic management of the people.

By distorting the concept of the leading role of the workers' class into the leading role of the communist party, the mechanisms of a dialogue with the people in the policymaking process and, consequently, the opposition to such policies were practically invalidated. Thus, the party itself lost any possibility to react effectively to changing social conditions, and became a victim of its own isolation. This seriously jeopardized the very existence of the party and set off another chain of blunders and errors.

It was only when we were inspired by the Soviet Union that we declared our restructuring program. However, the party, crippled by deformations, was unable to implement it. For that reason, there were serious contradictions between words and deeds. In reality, the restructuring within the party did not begin, the basic dialectic materialistic principle of knowledge—compilation and

analysis of facts—was intentionally suppressed and not only the communists but all citizens were disinformed.

The party apparatus turned into a bureaucracy, and a bureaucracy was imposed on the membership basis as well. There was increasing distrust in the party leadership and in the party as a whole, distrust in the ability of socialism to deal with problems of our society. Thus, the party strayed further and further away from the mainstream of our society and turned into an opposition to our society.

Moreover, a serious situation occurred in the economic area, where the party and state leadership were managing at the account of the future. The strictly centralized and administrative-directive system of management in our economy failed to respect the basic economic laws and was unable to safeguard an intensive and dynamic economic development. This led to our backsliding further behind the advances of the production forces in the developed countries and behind the R&D revolution, which in its consequences brought about increasing economic as well as cultural and social backsliding of the CSSR behind the developed states. The limited authority of the economic subjects resulted in their inability to react to changing conditions and to solve problems which the center never could resolve and which thus became intensified. The so-called shadow economy was spreading wildly; the black-marketing, corruption, and social parasitism were increasing, and the basic principles of social justice were grossly violated.

This development struck a hard blow to our social sphere, trade, services, health care, education and culture. An extensive development of several areas led to catastrophic consequences for the environment. The seventh and ninth sessions of the CPCZ Central Committee could have offered a chance, but Jakes' leadership was unable to take advantage of it and for its personal purposes was willing to toss overboard not only the implementation of the tasks of the restructuring program, but also the youth, workers, farmers, intelligentsia and the party itself.

#### Abuse of Power

Particularly onerous consequences stemmed from methods applied in the work with cadres. The pseudo-stability of the cadres and the practice by which appointments to offices were made led to a situation where individual functionaries appropriated for themselves not only the lucrative positions in the party and state hierarchy, but also seized important power positions at the same time. Particularly adept in this respect was, for example, Vasil Bilak, but he was not alone. A special, relatively narrow, mutually interconnected group of officials was formed and practically uncontrolled, it seized the decisive levers of the party and public administration. Among the chosen ones were quite a few individuals who were not equal to the tasks assigned to them; their strongest proof of their competence as cadres was

above all their obedience. There was frequently some latitude open for violations of the law.

The monopoly of power stemmed from the strictly centralized control of our media of mass communications. The current negative attitude of a considerable part of journalists toward our party is also due to the high-handed methods used by the department of mass communications media at the CPCZ Central Committee which was controlled by Jan Fojtik and managed by O. Cmolik. Demagogic theses about criticism by good examples paralyzed all possibilities of true information about our social reality. Any notion of some kind of "balanced" information provided an opportunity for an attack against the media of mass communications. Dogmatic attitudes, bans and restrictions also affected the development of our cultural and spiritual wealth. Under the leadership of the former director of the department of the CPCZ CC, the ignorance and incompetence of officials in charge of our party and state administration of cultural policy made a great part of our artists and representatives of Czechoslovak culture turn away from the party.

Swayed by the feeling of its infallibility, but also indecisive, the party leadership ignored and suppressed all warning and critical voices.

And thus, while hundreds of thousands rank-and-file communists were faced with a situation where they had to explain to their work teams the unexplainable and to defend the indefensible, many officials in regional and district committees and organizations called for trust in the presidium of the CPCZ CC. This situation continued when officials shamelessly abused the trust given to them and furthered their own ambitions and career, while the rank-and-file party members were repeatedly exhorted to set an example by their dedicated work; to their credit it should be noted that most of them fulfilled this demand in a disciplined manner.

We must be grateful for all good achievements over the past period to honest communists and to the millions of citizens who gave their best to our republic.

It was not in the power of the rank-and-file communists to rectify the damage done by the leaders of our state over the past years. Among the greatest offenses committed by Gustav Husak, Milos Jakes and many other members of the leadership we consider the fact that although in most cases they were fully aware that Stalinist methods were untenable and had no future, they could not find sufficient courage and good will to try to overcome them, although in the early 1970's Gustav Husak at least attempted to keep the process of normalization within certain reasonable limits. In our view, such an opportunity had presented itself to them already during and toward the end of the 1970's and in the early 1980's. Of course, one must bear in mind that the medium required for such practices was provided by the fact that the apparatus of regional and district party committees would not provide truthful information

about the developments in our party and society. On the other hand, quite recently the party leadership failed to react to reports from those structures.

This policy went so far that our state and party leadership was practically unable to learn a lesson even from the developments, initiatives and events in the neighboring socialist countries—the USSR, Poland, Hungary, and the GDR—and to resolve pressing problems in our country.

This arrogance and abuse of the perquisites of power reached a climax in the brutal intervention by police forces against the demonstration on 17 November 1989. In this context, the events on Narodni trida [National Avenue] were only the beginning of an open crisis, since the crisis of the party leadership turned into a national crisis. This is a serious moment in our history and therefore, these events must be subjected to a thorough critical analysis. All necessary data for that purpose have not yet been collected, but already now it may be said that Milos Jakes and Miroslav Stepan bear direct political responsibility for the intervention by police forces. Although the presidium of the CPCZ CC had decided that the Security Corps must not interfere, they struck. After the tragic 17 November, the party leadership at that time demonstrated, both collectively as a team and individually, criminal negligence and irresponsibility, and proved itself unable to realize the seriousness of the situation on hand and to deal with it.

#### Going Halfway Was a Political Error

Beginning on 19 November, the then presidium of the CPCZ CC met every day, but it was not until five days later that an extraordinary meeting of the CPCZ CC took place. Many hours of stormy discussions ended with a demand that all members of the presidium of the CPCZ CC resign.

The changes made in the cadres of the presidium failed to convince the party and public that the central committee had the political will to take a stand in this situation and adopt a radical solution. The result was another halfhearted effort, especially when Miroslav Stepan was elected to the new presidium of the CPCZ CC. Insufficient cadre changes made at that meeting were an especially serious political error and provoked a storm of protest in the party and in our entire society. I admit self-critically that I too am to blame for this situation. At any rate, during that time we lost valuable time and above all, the already greatly shaken trust.

A deep crisis opened not only in the National Front but also in the whole political system of our society.

The new party leadership began to depart from the errors of the past. It expelled Milos Jakes and Miroslav Stepan from the membership in the CPCZ for their great political errors in dealing with the tensions in our society, particularly during the events in Prague on 17 November 1989. I think, however, that also the activities of other members of the former party leadership must also be



thoroughly examined and that appropriate party conclusions must be drawn. For that purpose we propose that the congress appoint a special commission for party investigation to deal with such cases and to present objective proposals and solutions to our regular congress.

The presidium of the CPCZ CC dismissed Vasil Bilak, Karel Hoffmann, Jozef Lenart, and Miroslav Zavadil from the central committee.

RUDE PRAVO and its administration were subjected to far-reaching, justified criticism. Comrade Zdenek Horeni requested to be released from the office of editor in chief. We support the proposals presented in an open letter by the RUDE PRAVO editorial board, particularly the one calling for RUDE PRAVO to serve in the future as the organ of our whole party and to open its pages to every point of view in the party.

In past weeks our attention was focused on the establishment of new supreme institutions of state. Our negotiations took place both in the coalition of the National Front and in discussions with representatives of other political parties, with the Civic Forum, the Public Against Violence, and other movements and associations. The presidium recommends that the extraordinary congress adopt a position on the election of the president.

#### **The First Attempt at a Renewal of the Party**

The discussions at extraordinary district conferences represented the first attempt to assess the situation in our party and the first attempt at in-depth discussion and mutual orientation concerning our further action. It expressed the determination of the party base to preserve the party, but a party renewed and free from previous deformations. The conferences demanded that we part forever with those who had compromised our ideals, and furthermore, that the People's Militia be disbanded; that the amount of membership contributions be reduced; that the events of 1968 be objectively reassessed, and that the results of the 1970 interrogations be voided. The extraordinary congress of the Communist Party of Slovakia recommended that a commission of the CPCZ CC be appointed to investigate the political background and the origin of the document "The Lessons from the Development of the Crisis in the Party and Society After the 13th Congress" and its effect on political and ideological deformations in the party. We fully endorse this recommendation which should be included in the decision from our discussions. Other demands were aimed at ensuring prompt and truthful information of communists in the party press; at the reconstruction of national committees upon our initiative so that their cadres conform to the conditions of national understanding and thus, that the already initiated processes be brought to their conclusion. Most delegates demanded expeditious drafting of a new Action Program and a new proposal for party statutes to conform with current conditions of a pluralistic political system. For the period prior to our

regular congress we propose that the party follow the Action Program and the Interim Organizational Regulations which we shall adopt at this meeting.

Almost at every conference the demand was raised to emphasize the party's focus on the workers' class, in support of socially disadvantaged groups of citizens, against the decline of real incomes, and against unemployment. We support social policies that protect above all families with children, retirees and young people.

The conferences discussed the necessary strengthening of the activity of basic organizations in the place of one's residence, the necessary cuts in the party apparatus, the party's assets and its management with them, and party control. In addition, a submitted proposal demanded that the delegates from basic party organization to the regular congress as well as the members proposed for the CPCZ CC and the CPCZ's Central Control and Audit Commission be elected by direct vote. Furthermore, a motion was made for the stipulation of the right of basic organizations to recall their delegates from any agency, and for the stipulation of the duty to render accounts in the basic organization. We shall utilize all these initiatives when the internal party policies are formulated.

In the current period of crisis the party membership is declining. According to reports from regional committees, since 17 November until now we have lost 66,290 members, and 3,478 party organizations have been closed. Due to the pressures of the crisis, a great many honest members are leaving the party. Opportunists are also gone or are leaving—which is no great loss. We appreciate every honest person; our party needs workers, farmers, talented and highly creative people as much as gifted and creative functionaries. Only with such people it can succeed in this political struggle.

Our idea about the profile of a party functionary is also changing. We shall demand from him high political culture, competence, and in particular, the ability to prove his mettle in a dialogue with our political partners.

#### **Arbitrariness in Management Comes to Light**

A characteristic and symptomatic trait of managing skills of the former leading representatives is the condition of our party's property. It is astonishing with what self-assurance the former party leadership meddled in the drafting of state economic policies, while the methods with which it ran our own party's management have brought the party to the verge of bankruptcy. At the same time, they committed endless amateurish and arbitrary acts. While it loudly called for entrepreneurship, it rigidly prevented, for example, the party's printing house to get involved in business, explaining that it should print first of all political literature.

It is only now that many facts are coming to light. For instance, various recreational facilities costing hundreds of millions Kcs were built with funds obtained from membership dues. It is only now that a rank-and-file party member is learning from newspapers about the

existence of the "Orlik" or "Javorina" establishments. For that reason, the presidium of the CPCZ CC decided that those facilities be turned over for public use on an enterprise basis. Under such conditions and in view of the fact that despite all the austerity measures, membership dues alone cannot finance the party's budget, and additional resources must be derived from business ventures of the party's enterprises. As in the past, another source of revenue should be the income from public offices in the Chamber of Deputies and other offices in which party members serve.

The party cannot operate without setting up campaign and other funds to which the communists and other well-wishers may contribute.

If we discuss questions of material and financial backing of future activities of our party, we cannot avoid a very urgent current problem concerning a reduction of our agencies and their apparatus. In the nearest future any party workers, longtime functionaries, will have to look for new jobs. This process will not be painless; many of them feel unfairly treated and deprived of their security in life they have been enjoying thus far. We believe that the proposed operational procedure adopted by the presidium of the CPCZ CC offers feasible proposals, although we realize that the document by itself cannot resolve anything. A sensitive and effective approach to its implementation by the party's agencies and organizations will be important.

However, this congress is not dealing only with a solution of a crisis within our party; the course of events forces us to deal primarily with the party's preparation for free elections which in fact will be a measure of successful restructuring within the party and a criterion of success in the process of renewal in the party.

#### **Pivotal Ideas of the Action Program**

Therefore, after the extraordinary congress the party's operations must proceed consistently from the tactics and strategy of the CPCZ under the conditions of an open political competition for public trust. This means that already in the current stage we must adapt our activity to such radically changed conditions. Furthermore, this means that the party must be transformed into a force ready to fight political offensive battles.

These conditions must be fulfilled concurrently. It is evident that the changes within the party will have to reach much deeper because the party is unprepared for the new situation, methods, strategy and tactics of the political struggle and election campaign. The party must be restructured within a very brief period, which requires a radical change of its organizational structure and methods of work.

In addition, the party is afflicted with the legacy of past errors from which thus far it could not free itself. The dividing line cannot be drawn only over individuals—i.e., by getting rid of the most compromised persons—but also over boundaries that used to divide the party

and society. The party must get involved in the process of revolutionary changes and thus, it must stop jeopardizing its position as a vanguard force. Thus, the crisis which has developed within the party must be overcome. All party members must adopt the motto: "United in the Action Program—Forward to Free Elections." This is our point of departure also when we shall draft the further program for the party's activity and its preparations for the elections. Its pivotal ideas may be formulated as follows:

#### **1. For Lasting Peace and Social Progress**

The party's basic policy is the peace policy of stable international relations. It must safeguard the opportunities for our country's economic and social progress and for the consolidation of its status in Europe.

It must activate our policy in the direction toward the building of our common European home, for which the current changes have created favorable opportunities. International relations in the future will remain based on our relations with the Soviet Union and with other countries with which we are joined by traditional economic and political bonds. We shall support the government in paying attention above all to the development of good relations with the neighboring states, while respecting their sovereignty and mutual advantages. We shall strive to abolish military and political blocs in Europe.

#### **2. For Economic Growth and Ecological Safety**

The point of departure for our socioeconomic reforms is the demand that they do not lead to a situation where the whole burden of changes would fall upon the shoulders of the working people and the socially disadvantaged strata of our population. We support the development of a socialist market economy under state control by means of economic mechanisms, and the expansion of all forms of socialist ownership, including private ownership, especially in the area of services and also in small-scale production. We regard the return to private ownership and the selling of our national property to foreign capital as incorrect. At the same time, we shall demand the greatest possible independence and self-management for individual economic subjects. We endorse a more dynamic development of economic relations with the capitalist states, where the basic form will be capital partnership mainly to provide opportunities for the competent intellectual potential in our society. Our objective is to change the character of labor and consequently, to change man's position in production. Therefore, we demand that the our means of production be restructured according to current scientific and technological standards, while observing ecological requirements. By enforcing the stipulations of our social policies we intend to soften the blow of inevitable economic changes which call for efficiency and intensification.

### 3. For Social Justice and Existential Security

Social justice and existential security form the nucleus of our election program. They must be based on a strong economy. In the interest of social justice, we are striving to enforce democracy in the management of enterprises and organizations by introducing the principle of self-management. Social justice in our concept means equal opportunity for the social development of our citizens.

### 4. For Human Development

We proceed from the humanistic essence of socialism, from the humanistic traditions of the more than a century-old history of our workers' movement. Much more than ever before must be done for the development of the personality of man and citizen. We want the most broad-based democracy which makes it possible to pursue personal and social interests and at the same time, which does not permit individual or group interests to be favored in any way or to be passed off for interests of the majority.

The humanism of our relations to people must be reflected in our relations to children and youth and in our care for our retired, disabled and sick fellow citizens. We declare that as concerns social security, we cannot rely on nongovernmental institutions and charity. We shall demand from the state guarantees and security based on laws.

In order to develop man's personality spiritually and physically, we shall strive not only to provide the necessary material conditions for the building of the school system and of cultural and sports facilities, but to provide systematic care for our environment, to stop its devastation and to improve it gradually. The achievement of a new ecological balance is one of essential preconditions for our social and economic advancement.

### 5. For Plurality of Views and Unity of Actions

In our opinion, plurality of views is a factor stimulating the social progress. Political life should be built on a multiparty system, and the competition for citizens' trust should proceed in an open discussion and in public view.

Plurality of views must be guaranteed not only by free elections, but particularly by the media of mass communications. For the future it is imperative to maintain a balance in this area and to create expeditiously a system of guarantees in order to prevent any party from having a monopoly on information.

In plurality of opinions we see one of the important factors in man's development; therefore, it must be understood in its broader sense and it must find its expression in a plurality of ways of life, in economic ventures, education, training and culture. We shall endeavor to create a system of social and legal guarantees to prevent any misuse of this phenomenon for the

spreading of unconfirmed allegations, slander, invective, and for endorsement of violence and other negative antisocial phenomena.

The party will use facts and arguments in the competition for the trust of our citizens; its program renounces clichés and cheap demagoguery. Unity of deeds must act in a close unity with a plurality of views. This is an entirely logical phenomenon that has nothing in common with the bureaucratic deformations perpetrated under the pretext of democratic centralism. Our social progress may, and must, follow the one and only direction. The rule of political parties may change, but the social system and, in particular, its economic foundation cannot change with every government. We are aiming at a pluralistic democracy based on socialist relations of production. For that reason our party will join with all political groups striving to maintain the material base of socialism built by the hard work of our people in past periods. We believe that the socialist market mechanism is viable and that it can prove its advantages by promoting entrepreneurship and labor productivity.

### 6. For Openness to the World

The current radical changes in international relations are connected with the advancement of the new thinking and with raising the universal human values above the class values; they enable Czechoslovakia to assume a new international position and expand its contacts with every state in the world.

We intend to link our economy and culture again within the context of developments in Europe and in the world. In culture and international exchanges of people we shall implement this process without any major difficulties. With this openness, however, we will not tolerate any practices that may cause harm to our national economy or its selling out, jeopardize our independence and sovereignty, or introduce cultural and moral trash, terrorism and other forms of violence. We see our future in unity with all states that practice the principle of equality and demonstrate their readiness for mutual cooperation.

The period facing us will be more difficult for our party than in our past experience. We realize how much we owe to our ideals and principles. If we intend to remain a significant political power, it is absolutely necessary for us to undergo an inner renewal. First of all, the party must be democratized. The principle by which democracy until now used to be enforced within the party—democratic centralism—had gradually turned into a bureaucracy and a mechanical method which became a certain anachronism as our society developed. For that reason, the first and foremost principle for the building of our party today is a broad-spectrum democracy within the party. It must tolerate a flow of ideas in the party, while the policies of the party leadership will always be determined by decisions of congresses or statewide conferences that will express the views and attitudes of individual trends in the party.

Naturally, such a process presupposes that the congresses will be convened more frequently. They must have a working character and stop being rhetorical. An important factor of the party's unity must be the continuously updated action program which will also serve as an important mechanism for the activation of the party. A modern party does not need to strive for formal unity, but rather for unity in action. The party's activation must become a program, or else the party ranks will fall apart. Even the current presidium of the party has not taken appropriate steps to counteract this trend of decline in the party's ranks. We are well aware of this fact. We consider it necessary to achieve a new quality of internal unity in the party's leading bodies, to rejuvenate them radically and activate them already at this congress. Only that will make it possible to resolve our current problems while marching forward. The success of our political struggle inevitably depends on the activation of our party. The election campaign demands a perfect strategy, tactics and organization.

#### Proposals for Organizational Changes

We cannot avoid fundamental organizational rearrangements of the structure of our party's organs and organizations. They should correspond with the strategy and tactics of the preelection struggle to earn the trust of our citizens. The organizational structure must be flexible and ready to act. Therefore, we submit these proposals:

- The highest party organs must be organized analogically, in conformity with the constitutional system of the federation.
- In relation to enterprises and organizations, communist clubs should be established next to basic party organizations. The activity of clubs may be organized according to election districts or according to professions and interest structures.
- The restructuring of the party apparatus, which should correspond with the new organizational structure, will be composed of competent experts. In addition to substantial cuts in the apparatus, the restructuring aims also at improving its efficiency.

We believe that the decisive criterion for the solution of all problems and questions is the point of view of future conditions, when our party will operate within a system of several political parties and its activity will require expert and professional management based on the application of the latest knowledge in politology, economics, information and management.

Today we are again standing before the question of choice. In the name of hundreds of thousands of party members, we shall determine which direction it will take from the crisis. To answer the question whether it is the wish of the Czechoslovak communists that their party remain an organization with hard-core centralism based on a system of commands and an obedient compliance with them, or a party of free, independently thinking individuals united in their common desire for a full and

happy life and social justice for all. To reply to the question whether we shall continue to be a party which claims a monopoly as the true, scientifically substantiated ideology and to believe that the others are know-nothings and understand nothing, or a party which realizes that a partner and even a rival is entitled to his views and that it is to the benefit of us all if we can listen to them, understand them and learn from them.

Thus, we must vote, vote for policies and people who will be involved in them—in other words, for such policies and individuals who can return our party to where it is supposed to be: in the vanguard of the struggles of the workers' class and of all working people for their happy and free lives.

#### Nemcova Speaks on Charta's Strife, Present Success

90EC0175A Oslo AFTENPOSTEN in Norwegian  
14 Dec 89 p 11

[Article by Halvor Tjonn: "Fight of Charta 77 Finally Victorious"; first paragraph is AFTENPOSTEN introduction]

[Text] "The Husak government took almost everything away from us—our jobs, good friends, education, the freedom to travel. But for us of Charta 77 it was unthinkable to capitulate," says Dana Nemcova, grandmother of the Charta.

Prague, 13 Dec—By profession she is a psychologist. But for many years the mother of seven has been sweeping the streets of Prague. The street sweeping job was the punishment she received for her activity in the Czechoslovakian human rights association Charta 77.

Despite this hard existence, the door to Dana Nemcova's large apartment in one of Prague's busy streets has always been open. Opposition members and human rights activists have been coming and going constantly. "Many of the Charta 77 meetings took place in the room we are sitting in now," she tells. "As recently as 19 Nov of this year the police came here and arrested a number of people. I myself managed to go straight from the police interrogation to the meeting for the establishment of the Citizens' Forum."

#### Most Important Group

In December 1989 the Citizens' Forum became the most important political group in Czechoslovakia. During 25 hectic days, the Communist Party was brought down. If not with a broken back, at least badly bruised. The previously all-powerful party had to give in to a group of human rights activists who until recently were unknown to the large majority of Czechoslovakians.

"It was mostly Vaclav Havel's idea to start the Citizens' Forum. This way, all the different independent groups in the country were brought together to become an effective entity," says Dana Nemcova.



However, the Citizens' Forum, the biggest political success in Czechoslovakian history, would not have been possible without Charta 77. Year after year, the small group of Charta signatories refused to give up.

"We were at most 240 people who signed the Charta appeal in 1977. Together, these 240 people had something like 2000 contacts. Until this day, the 240 Charta signatories have never met each other all at once. Persecution by the police had made this impossible."

#### Infrequent Meetings

Larger groups of Charter activists met very rarely. The organization was divided into small working groups which were in frequent contact with each other. Larger meetings were always broken up by the police. People were taken for interrogation and had to spend time in prison—sometimes shorter, sometimes longer.

Dana Nemcova herself was in prison for six months because of her activities. "I am asked frequently what kept us going during these years. The simplest answer is the belief we had that no tree can grow into the sky. One day, the old regime had to fall. But certainly, for many the stress became too much. The authorities wanted all of us to leave the country, and many did. We never urged anyone to stay, even if it was a loss every time someone left."

#### Joined the Government

Today, several of the central Charta activists are part of the government. Nemcova admits that the transition from small opposition groups to ministerial posts has been very abrupt.

"However, some of the Charta's very best people have joined the government, and I am sure that they will manage very well. The new foreign minister, Jiri Dienstbier, was a Charta member from the very beginning in 1977. From 1979 to 1982, he was in prison. Within the Charta, he handled primarily the contacts with friends abroad. Jan Carnogursky, the first Vice Prime Minister, sat in prison until three weeks ago. For a number of years, he has been one of the Charta's solid supports. His task in the government is to keep the secret police under control."

#### What About the Informants?

Dana Nemcova pauses a little when the subject of the secret police is brought up.

"What shall be done with the army of denouncers, police agents, and informers the old regime relied on?"

"Yes, what to do with them? The most important thing is that these people do not bother me any more. Whether there are still listening devices in this room, I do not know. The police probably have not yet had time to remove them. Now they can listen as much as they want.

In these times, it is probably easier to open a newspaper or turn on the TV to find out what we think," she adds with a smile.

"As recently as last summer there was a policeman who told me in a very serious voice that the sword of Damocles would be dangling over my head if I did not stop working for the Charta. Now, in December these words have a certain comical touch."

"How do you see your own future in a new Czechoslovakia?"

"Hopefully, I will have more time for my family now. A few years ago, my husband left Czechoslovakia. He was broken after many years' work for human rights. Now he will soon come home. I myself will continue to work for human rights—this I will never give up," says Dana Nemcova.

### GERMAN DEMOCRATIC REPUBLIC

#### Political Opposition Beset by Infighting

90A00133A Hamburg DER SPIEGEL in German  
No 52, 25 Dec 89 pp 23-24

[Unattributed article: "Tough Times"]

[Text] At the end of the marathon meeting the more than 2,700 delegates to the extraordinary SED [Socialist Unity Party of Germany] convention got up. They sang the "International" on this third Advent Sunday and hurried home.

The fight had begun. And many GDR communists fear that it might in fact be the last one. The once leading state party is having trouble keeping up with the competition which is forming to fight for power.

Anything seems possible; old ties no longer count. The Socialist Unity Party, which also calls itself Party of Democratic Socialism (PDS) and wants to conduct an election campaign against "dependence and monopoly," can rely neither on the bloc parties that so far have been cowering nor on a lasting emergency partnership with the most well-known not-yet-party, New Forum.

Even Prime Minister Hans Modrow, who is still held in high esteem by the population, must prepare himself for tougher times. On Monday, while he was preparing himself for his talks with Helmut Kohl, the legitimacy of his government was questioned for the first time.

Rolf Henrich of New Forum demanded not only an equal voice for the opposition but participation in running the state. The government, the attorney from Eisenhuettenstadt said at the second "roundtable" in East Berlin, did not result from free, secret elections and thus is at most a transitional government, and that again only if the opposition—through participation in cabinet meetings—allows the government extensive control and veto rights in all decisions.

The Forum man had sharp criticism for LDPD [Liberal Democratic Party of Germany] Justice Minister Hans-Joachim Heusinger—one of the few who survived the turn of events without damage. In the opinion of the opposition, Heusinger is “an impertinence against our people,” as is the president of the Supreme Court, Guenter Sarge (SED), who has been in office since June 1986.

Not only must the country's justice system be turned around, Henrich demanded, but the decades-long financial partnership of state and state party needs to be cleared up. It is necessary to audit the books in order to be able to picture the national finances and the foreign currency situation of the country.

No representative of New Forum had dared go that far until now. The citizens' movement, arisen out of the opposition to the old regime, will—by means of a plebiscite, if necessary—force the opportunity of participating in the elections. End of modesty.

Dresden mayor Wolfgang Berghofer, who together with chairman Gregor Gysi represents the SED at the roundtable, was just as perplexed over Henrich's frontal assault as was CDU [Christian Democratic Union] chairman Lothar de Maiziere. If the government were to be toppled now, Berghofer threatened, the 6 May free election would also be jeopardized. De Maiziere backed him up: “That would really be the end.”

After that, tactician Berghofer managed a master stroke: He parried the attack so cleverly that in the end the attacker found himself an alliance partner. Direct participation by the roundtable in the government, the Dresdner began, was probably not possible. But one could talk in a smaller circle—he proposed a “working group” for this—with Prime Minister Modrow about cooperation and the planned economic reforms.

The Forum representatives no longer had any choice: They could only accept Berghofer's offer—or let the whole round collapse while losing their credibility.

The SED had managed to involve an important opposition group in the country more closely in the responsibility—a partial victory in the preliminary GDR election campaign. It was at little cost. The Liberal Democrats who share power have to withdraw their Heusinger; no loss for judicial peace.

The following day the Eastern newspapers reported the result of the new solidarity: There is “unanimity” that the “sovereignty and national identity of each of the two German states (may) not be questioned by either side.”

At least not to start with. Meanwhile, the LDPD changed a document submitted by government leader Modrow (SPIEGEL 49/1989) and demanded, in stages, a “national unity of the external borders of 1989.” CDU-East had similar arguments, but warned against an overly fast pace.

When Bavarian general secretary of the CSU Erwin Huber, at the East German CDU's party congress in East Berlin, with national pathos asked the party to take a stand against socialism and requested from the SED “a corresponding response to its failed policies,” the applause was thin.

“Bavaria,” replied party chief de Maiziere coolly, “is not only a special political landscape, but, moreover, a free state.” He gave “the guests from the CSU clearly to know” that “nothing is to be tampered with on the Polish western border.”

Huber received more applause than from the CDU-East the following day in Leipzig at the founding convention of the Democratic Awakening (DA). Huber was not the only Western guest. Rita Suessmuth was there, Norbert Blum, Kurt Biedenkopf and, of course, the ever-present Hans-Dietrich Genscher.

The foreign minister not only announced that the FRG will “respect every decision you make,” he also brought a concrete proposal: A national institution should be founded to preserve the construction assets in the GDR. That is aid to the people, “but not election aid for the present government.”

With so much democratic awakening even the Social Democrats (West) could not be left behind. They sent Herta Daeubler-Gmelin and delegate Gert Weisskirchen, who pleaded for peaceful completion of the “revolution.”

The Western throng and the plethora of advice naturally contributed to confusion at the already chaotic event. The DA congress took place just as aimlessly and without rules as did the Greens' constitutional party convention in Karlsruhe in 1980. But with a different result, to be sure: As a party, this movement, founded more by leftist Protestant pastors, wound up not to the left, but to the right of center, and wants to win votes with “Germany, united Fatherland.”

The word “socialism,” which was still mentioned in the first declaration of fundamental principles, no longer occurs in the Leipzig platform. Even in the economic section, the demand for introduction of a social market system now dominates—as in the CDU-East.

It remained unclear in the end what “the German national unity in a European peace order” was supposed to mean. “It would be wrong,” according to one speaker, “to force the matter to a decision in one year.” Others recommended calling a “German national assembly of the two countries” right away, or “gradually discussing what can be done.”

In the debates about officers, as in the West, tears were even shed. Leipzig physician Sonja Schroeter, put up by the left against Rostock attorney Wolfgang Schnur, fell short of being elected chairman by 17 votes. In return, Rainer Eppelmann was fired as press spokesman.



There is no telling yet what may happen. Friedrich Schorlemmer, a minister from Wittenberg and one of the early mentors of the new party, felt "awfully battered"; there was already talk of splitting off.

One delegate assumed: "The left will either found an Independent Democratic Awakening (UDA) or will go straight to the SDP [Social Democratic Party], and a few SPD rightists will come to us."

Thus, the SED still has one last hope before the last stand on 6 May—the internal conflicts of the opposition.

**Background, Aims of 'Democracy Now' Discussed**  
*90EG0125A East Berlin BERLINER ZEITUNG*  
*in German 29 Dec p 3*

[Interview with the Reverend Dr. Wolfgang Ullmann, Democracy Now Initiative Group spokesman, by Bettina Urbanski: "Time of the People's Movements"; date and place of interview not given]

[Text] BERLINER ZEITUNG (BZ) spoke with language professor and pastor Dr. Wolfgang Ullmann, spokesman of the Democracy Now Initiative Group, about the origins, concerns, and plans of this people's movement.

BZ: Democracy Now—this people's movement is one of the older ones among these new movements. Are appearances deceiving, or is it only too happy to forego spectacular activities and prefers to contribute intellectually to the process of democratization of our country?

Dr. Ullmann: That could well be in view of the fact that originally it was above all a group of scholars and artists, an intellectual vanguard of thinkers who came together, as it were. Among our roots is the Peace Library of St. Bartholomew's Congregation in Berlin. As early as the spring of 1987 we publicly advocated freedom of travel for all GDR citizens in our position paper "Repudiation of the Practice and Principle of Isolation." We did not decide to come out of the church setting until late summer of this year, when the domestic political crisis was coming to a head. We immediately appealed to all citizens with the demand for "democracy now" and with a political program for our people's movement which thematically embodied this demand.

BZ: You say people's movement. Does that continue to be your understanding of yourself or does Democracy Now want to join the ranks of the multitude of parties presently being formed?

Dr. Ullmann: The past 40 years have proven to me that political parties are not sufficient. I regard them as organizational models from the past century. Now is the time of the people's movements because political consensus is no longer possible without a grassroots democratic people's movement. And this is what we want to be.

BZ: How then, in contrast to a party, is Democracy Now to function and function effectively as a people's movement?

Dr. Ullmann: Parties are held together by programs and statutes while our cohesion is the theme itself. We regard the political goal—the categorical democratization of our country—as our integrating factor. The responsibility of our movement, whose groups are independently organizing themselves throughout the whole country, is derived from this. Many people have yet to learn to work in this manner. Members are still asking what is coming out of "headquarters"; they are waiting for instructions. Our structures, however, should be primarily information channels. This kind of working without horizontal organization is difficult, of course.

BZ: Is there not the danger that groups or individual members will now and then be pulling on the opposite ends of the rope?

Dr. Ullmann: Our newspaper should help to prevent that. For the time being it is just one A-4 standard-sized sheet and is not published regularly—about once a week. That is entirely fitting for our strange interim situation of being officially recognized but functioning with private initiative support.

BZ: Democracy Now has lived up to its reputation of being a vanguard of thinkers by developing and publicizing the proposal of a roundtable....

Dr. Ullmann: That was not intended to confirm our reputation, of course. We are seriously concerned about the signs of instability in our country. The political problems are being exacerbated by the catastrophic economic situation. Many people feel uneasy. Under these circumstances, it is precisely the roundtable as well as citizens' committees and public safety partnerships—with the police, for example—that we regard to be stabilizing measures. We have developed a long list of topics for the roundtable. It stretches from the economy to ecology and right on through education and media policy, and includes issues concerning youth, women, and foreigners. At the first meeting we nonetheless had the feeling of not being taken seriously enough by the Modrow government.

BZ: The words "economic reform" are on everyone's lips and there are many ideas about it but few specific, well-founded plans. Which ones is Democracy Now coming forward with?

Dr. Ullmann: First of all, we see a real opportunity for our country to be successful in finding its own way by starting at a lower economic state of development than the FRG and by seriously paying attention to the ecology. Modernizing and making the economy more efficient may only be done in harmony with ecological requirements. It is true that making the economy genuinely more dynamic and efficient cannot be accomplished without short-term unemployment. For that reason flanking maneuvers in the area of social services

are necessary and so too is compensation for social hardships which would arise as a result of new price regulations and a change in the policy regarding subsidies.

BZ: Wherein lie the prospects then, in your opinion, for our country?

Dr. Ullmann: In our great powers of originality and inventiveness—but only if we learn to be more efficient and to work better. The business of everyone just bungling along is over in every respect.

BZ: Solutions to problems have been touched upon there that will doubtlessly not only find advocates, but maybe will encounter serious criticism.

Dr. Ullmann: We are prepared to live with criticism and to handle it. That is, of course, a learning process. GDR oppositionists are accustomed to being admired as heroes—particularly in the Western world. Many have made sacrifices and truly deserve respect. To an increasing degree, however, things will have to be judged in terms of expertise and no longer according to moral criteria. Everyone, including the media, should put critical questions to us and judge us critically. That is precisely the essence of political life.

#### Minister Interviewed on New Cultural Policies, Views

90EG0100A East Berlin SONNTAG in German  
Vol 44 No 50, 10 Dec 89 p 3

[Interview with Dr. Dietmar Keller, minister of Culture: "For The Artists' Freedom and Responsibility"; date and place of interview not given; first paragraph is SONNTAG introduction]

[Text] [SONNTAG] Thus far, the GDR's minister of Culture has had a certain amount of administrative authority. Just to name one example from the area with which I am most familiar: It was up to him to grant, or withhold the authorization to perform each new play. Your predecessor, Dr. Hans-Joachim Hoffmann, even said that that practice would end in future. In light of the revolutionary new beginning in our country, what will change in terms of the way in which the minister of Culture functions? What will be eliminated, what will be added?

[Keller] In the first place, let me make this unequivocal statement: given the orientation toward freedom and responsibility for art and artists, it is quite clear that effective immediately, the Ministry will not interfere in terms of exercising a censoring, regulating, or guardianship role. Responsibility and decisions on artistic questions of all kinds, such as, for example, the responsibility for publications and performances must, in future, be exercised in those areas in which the decision can be made in such a way as to be competent and fair. Of course, that does not mean that in future the Ministry will have fewer jobs to do, because the transition

between centrally administered socialism to democratic socialism will take quite a bit of time, and it will require a completely new perception of responsibility in terms of cooperation with artists' associations, with associations of cultural creators that will develop in future, with clubs that will form, with parties, and with social organizations. The sum total of views with regard to cultural policy that are encountered in those areas will determine, in principle, what the cultural policies of the GDR will be.

And second, our country's cultural policies will be marked to a much greater degree by raising the priority of those national cultural policies. The prime minister, in his Declaration of Government, spoke out against the "nationalization of culture." In the debate that followed, the question of what that meant was raised. At issue here is the elimination of centralized decisionmaking. In future, the Ministry will continue to deliberate and render decisions on important, far-reaching questions, but everything dealing with "on-site" community efforts will have to be decided on in a responsible way at the local level. A new function of the Ministry's will be to compile data on the best experiences and the most sensible methods of interweaving what I would call "artistic culture" for lack of a better term, with political culture and the culture of everyday life, summarizing this information in a general way, and making it public.

[SONNTAG] The artists in the GDR, the authors, painters, and graphic artists, the film people, and those who make documentaries, the theater people and entertainers have, for a long time pointed to the signs of development of social crisis in their work, and not only that: they also became politically active to bring this turning point about. What can you, as the minister of Culture, do, to assure that all this potential energy is channeled into an art that will advance the cause of democratic socialism?

[Keller] First of all, because it's a point that is often forgotten: it has always been so throughout the history of the world that before revolutionary beginnings and upheavals, the artists and literary figures of whatever the country, spoke up. And their artistic diagnoses served to pave the way for whichever revolution it happened to be, and no one in the history of the world was able to stop it! Thank God it was and continues to be so. That will continue into the future. Whether we like it or not, the artists will speak out and function as the seismographs of our society. Our responsibility as the Ministry of Culture, I'll go even farther, our responsibility as politicians, consists of listening to the words of the artists, of processing them and allowing them to find their way into our policies. Of course, it will not be possible to meet every demand today, or even tomorrow, but to allow oneself to be limited by prejudice, to negate, or even denounce the words of art—that is a posture we cannot tolerate for a single minute or on a single square meter of our territory in future in light of the revolutionary renewal of socialism.

[SONNTAG] The freedom to travel, which has been so passionately welcomed by the citizens of the GDR could, in addition to the economic problems that have already been so widely discussed, cause a wide range of problems for us in the cultural area as well. Though many who have left our country might have been lured by the power of the West German mark, it cannot be denied that not a few were driven away as a result of the ignorance and narrow-mindedness of some administrative decision. What can the minister do, and what, in your opinion, can society do, to stop the further exodus of the artists as well? How is it possible to go from an export of talent to a talent exchange?

[Keller] Neither I nor anyone else can promise the artists today that tomorrow we shall be in a position to pay honoraria commensurate with those currently customary in some of the leading industrialized capitalistic countries. We are not exactly a wealthy country, but I do not want to say that we are a poor country, either. We do face a number of economic difficulties, however, and there are many domestic problems that must be solved. Questions of remuneration, questions about classification, and so on, cannot be treated on a priority basis, but I do not believe that that is the decisive issue for the artists. A much greater issue, initially, is that one feels socially needed, that one is taken seriously, that the people accept the art and work with it. Secondly, that one has the chance to experiment, which means that one could lose, or—and this is much more pleasant—one could win. We ought to understand art as a great social laboratory that should not be subjected to unnecessary and improper outside interference. If we can prevail in this area, the majority of artists—this is my opinion, in any case—will decide to make our country the home base of their creative activity.

Openness to the world in art also means, of course, that from time to time one can take advantage of interesting offers from other countries. That will contribute to the enlivening of the intellectual and cultural life of our own country. When one acts on other stages, works in other studios, lives in the midst of other landscapes, learns other languages, or becomes acquainted with a different social milieu, if one takes a look at the world, that has a profound effect on peoples' world view, even at home. It shapes that world view and fosters its development. I think if we can create this kind of atmosphere, we will find that not only will there be an East-West migration in art, but a West-East migration as well.

Our country is open to artists who left us in days gone by. We are prepared to conclude contracts with them and to open up avenues of artistic expression and activity for them, regardless of their place of residence. We are also prepared to create those living and working conditions that well-known artists who have never lived in the GDR require.

The decisive factor is not the desire, on the part of the Ministry, but rather artistic capability—the fact that one can prevail in the realm of art, that one has a name, that

one is needed by the public and demanded by it. We shall tread many new pathways. The tactic of the write-in competition makes it possible for foreign nationals to participate, and possibly, to occupy a position of artistic prominence in our country. All that is nothing new in the world. Openness to the world means exchange, not only of thoughts, but people as well.

[SONNTAG] That still leaves the thorny question of currency for paying artists from Western countries. In the realm of the theater, for example, there have been declarations of willingness from leading directors from other German-speaking countries to work in our leading theaters in the past. It is said that the difference between the honorarium they would have received from us and the amount paid at a theater of equivalent rank in the FRG would have been paid by the Ministry of Inter-German Affairs in the FRG. I have no information as to whether such offers could be taken seriously. In any case, they would have been rejected by the powers that were in the GDR. Is the problem a different one today, in your view?

[Keller] In his Declaration of Government, the prime minister spoke of the fact that we are striving to achieve a treaty relationship with the Federal Republic of Germany. As far as the cultural realm is concerned, the cultural agreement will mark just one part of these treaty relationships. In many other areas as well, we shall achieve normal commercial treaty relationships that meet the special needs and conditions of the two German states. With regard to state treaties or treaties between cultural or artistic institutions, conditions for both sides should be created such that it should be possible to work with visiting artists on an equal footing. I think, therefore, that questions of this sort will become a routine matter for us, and we will react to them in a positive way.

[SONNTAG] You recently received Walter Janka, the former head of Aufbau Publishing, who was the victim of injustice in 1957 in a trial that was conducted along Stalinistic principles with the full knowledge and consent of Johannes R. Becher, who was minister of Culture at the time. As you did so, you made express reference to the need to reevaluate the past in a critical way. Why do you take this position?

[Keller] I am an historian, and I have had enough to do with history, although nowadays I am surprised every day by all the things I don't know. We are—and this point has been stressed a great deal—in the midst of one of the most severe social crises that we have ever had in the history of our country. This crisis affects not only our own country, but many other socialist countries as well. There must be reasons that that is so—not just subjective ones, but objective ones as well. At the present time, we are not sufficiently aware of these reasons, but if a new beginning is to be made, what lies in the past must be concluded in a reasonable way, so that it is not necessary to live in the shadow of the past. Even if the truth is going to be painful, even if a great deal is not spoken out

loud, we dig it up and deal with it for the sake of the generation that is now living and for the sake of the generation that will follow us. I believe that coming to grips with our history is urgently necessary in order to gain a perspective and a sense of the rhythm of the tasks that stand before us. Without coming to grips with our history in a thorough manner, it will be impossible to plan for the future. I have a very high opinion of Johannes R. Becher, and this opinion has not changed in the last few days, but I cannot work in a building and sit in a chair and pretend to forget that in an historically important testing situation, one of my predecessors failed. I must [as published]...I can live better if I say so than if I simply ignore it. I think we owe Johannes R. Becher that much, but we also owe Walter Janka and many other artists and cultural figures to whom injustice was done that much.

[SONNTAG] In your view as minister of Culture, which problems require a solution most urgently?

[Keller] I think there are two major complexes we must address. I mentioned the first one at the outset: rejection of an exclusively state-run organization of culture. For this reason, clear consideration must be given to the question: what is the Ministry of Culture's area of responsibility, and what must be decided at the local level? What must be organized and directed, and what should be subject to free development in which our initial role must be that of an onlooker who arrives at a judgmental decision only later, when enough historical distance has been gained? So, for example, do we need one or several associations of plastic and graphic artists in our country? I consider this question today in an altogether different way than I did a few months ago. If our intellectual and cultural life will be brought to life by doing so, if doing so provides more areas of stimulation and greater effectiveness, then the artists should found several associations—even if that may mean more complicated work; but if a greater benefit is reaped, it is right. If associations are formed, if old local traditions that we threw on the scrap heap are brought back to life—if local art, in all its breadth and diversity is juxtaposed against "high art," then—this is my opinion—we are on the right path. If I say so here, I know, of a certainty, that not all of my colleagues on the district councils and county councils share my view. It is even possible that many of my in-house colleagues do not see it the same way I do, but it will be a learning process.

The second large complex has to do with the cultural infrastructure of our country, which is not in keeping with the status of social development. The tragedy is that at the present time we do not have the economic means at our disposal to pitch in with our sleeves rolled up and correct at least the most glaring disparities.

[SONNTAG] To what are you referring in concrete terms?

[Keller] There are too many blank spaces in our cultural landscape. We invested too much in those areas where

intellectual and cultural life was already relatively well developed. We sank too much funding into projects we are proud of, projects that have left their imprint on our cultural landscape, but as a result, broader segments of our population have not been included. The number of people who can avail themselves of the advantages, opportunities, and possibilities our intellectual affords in a fully enfranchised way is not very great. We know that a large portion of our population lives in villages and smaller towns, and we know what the cultural offerings in such areas are. These people play the same role as everyone else when it comes to the creation of our material wealth, our gross national product.

We must note with sadness that for a number of years, cinema seats have been disappearing at a rate of 4,000 per annum, simply because the cinemas have been forced to close. We are gravely concerned with regard to the physical structure of our museums, our theaters, our houses of culture, in general, concerning all the physical structures that come under the jurisdiction of the Ministry of Culture. For this reason, we must truly dedicate ourselves to the task of doing all we can to preserve the functioning capacity of our cultural institutions, so that the number of cultural facilities does not shrink even further. If funds and other means remain available at that point, we can think about a total reconstruction of the buildings. And, if money should be left over after that—and I fear there won't be much left over—we can make plans regarding investing in new buildings. We can no longer build large cultural edifices in the centers of our cities while we allow the cities around these cultural edifices to crumble into disrepair. This policy must, as a matter of principle, be changed. As the Ministry of Culture, we shall do our part to assure that decisions of this kind are not taken again.

[SONNTAG] Do I understand you correctly, that you consider the reconstruction of the Semper Opera and the rebuilding of the Gewandhaus a mistake?

[Keller] No, I confess that I don't, but the construction of the of the cultural centers in Erfurt and Halle was not an idea that came from the Ministry of Culture, nor was the final decision made there.

[SONNTAG] In the daily press we read the biographical sketches of the new members of the Council of Ministers. There we could read of your progress from a position as an Instructor at the Karl Marx University in Leipzig to Secretary of State in the Ministry of Culture. Anyone who knows you more intimately knows of your love of the plastic and graphic arts, and of your interest and curiosity regarding all other forms of art. Artists who have had dealings with you praise your friendly openness, your awareness of problems, your competency in your field. How do you see yourself? What do you consider your greatest strengths and weaknesses?

[Keller] My strength is that I can do an enormous amount of work, almost without a break. My strength is



that I can absorb what people tell me, even if not everyone notices that it is being stored in my head.

My joy in thinking might also be a strength, as might be my joy at doing theoretical work. My weakness lies in the fact that I do not demand enough of others. Sometimes I am simply too sensitive and too soft when it is a question of work that has to be done. Now that I have made this public confession, I hope that it will not be exploited. In most cases, I try to solve incipient problems quietly, but I am well aware of the fact that not all problems can be solved quietly. It's necessary to learn how to beat the table with your fist sometimes. Maybe I'll learn how someday.

## HUNGARY

### SZDSZ's Mecs Challenges MDF's Csoori on Referendum

90EC0142A Budapest MAGYAR NEMZET in Hungarian 20 Nov 89 p 4

[Article by Imre Mecs, SZDSZ [Alliance of Free Democrats] Presidium member: "Let's Decide Together: Open Letter to Sandor Csoori"]

[Text] Dear Sandor:

You and Ferenc Donath were the first to recognize the significance of the idea and to wholeheartedly support the initiative for a plebiscite concerning the Bos-Nagymaros barrage when I raised the issue back in 1985; not only because of the importance of the cause, but primarily so that, at last, our people could utilize the implement of the plebiscite.

You knew well that a nationwide plebiscite has never taken place in our country, although there have been countless turning and breaking points in the nation's life when outsiders, rootless scoundrels, cowardly traitors, political opportunists, similar sellout artists, and weaklings or strangers and their hirelings, have decided our fate.

(The sole, local, plebiscite decided that the town of Sopron would remain a part of Hungary. The generations of our fathers and grandfathers were hoping that Hungarians would be able to decide their nation's fate through a multitude of plebiscites. Regrettably, that is not what happened: It was from that time on that nearly all of us nurtured the desire for the whole of our people to make decisions concerning our important affairs.)

At first thousands, and later tens of thousands joined us in calling for a plebiscite.

In the end, the National Assembly gave in and promulgated a law concerning plebiscites.

(The government also gave in and stopped work on the project.)

This time, once again, we have arrived at a decisive point. A change in the political system is underway. As a result of difficult struggle, the party state is retreating. We must make sure that conditions exist for free parliamentary elections, that people will truly be able to decide, and that participating politicians will have equal chances.

But can we talk about equal chances?

The governing party enjoys tremendous advantages. Not only does it have access to various funds, instruments, buildings, infrastructure, and an apparatus, it has access to the state-owned organs of mass communication. In addition, its politicians are widely known, especially Imre Pozsgay (to whom I also refer with respect).

There is no one in the country who does not know him. After all, the media have been presenting him for at least ten years: A week has not passed without him making one or two appearances. Who could compete with him in a campaign in which the primary factor is familiarity. Obviously, the country has several outstanding individuals who could be considered, but they are not known. And a few weeks' time is not enough to overcome the disadvantages accumulated during the past ten years.

The state party, or its successor, counts on this one card; it wants to use its well-known politician as an ace in the hole.

Is it possible to guarantee equal chances during the coming presidential elections?

The question is rhetorical: You, dear Sandor, also know that it is not possible.

The state party wants to nominate a guaranteed winner, wishing to ensure the survival of its power through that person! (After all, as any sober thinker knows, if general elections were held it would not stand a chance of remaining the governing party.)

But why is a former communist unacceptable as the nation's president? (I am writing an open letter to you. Many people are unable to answer this question clearly, so let me provide the details.) He is unacceptable, because his exaggerated powers would stand in the way of further developments. Let us enumerate the president's prerogatives.

He can dismiss the National Assembly. It is obvious that the people will elect a National Assembly filled with opposition deputies, because they are fed up with 42 years of communist rule and realize its complete failure.

A national president who belongs to the former ruling party would be in conflict with the National Assembly. His right to dismiss the legislative body could hang over the deputies like the sword of Damocles.

The state could end up having two heads, conflicting with the Montesquieu principle of stability. In view of

the difficult, indeed crucial period of transition, can we afford to allow this to happen?

At the same time, the nation's president is also the army's supreme commander.

Frequent mention is made of Spain, which was transformed from a fascist dictatorship into a bourgeois democracy. As is well known, extremists attempted to stage a coup there, too, and it was defeated by King Juan Carlos, the army's supreme commander. Was this Juan Carlos one of the leaders of the former Fascist-Falangist party? No; indeed, he was a person entirely independent of that party.

What is more, the nation's president can declare a state of siege. The bitter experiences of the recent past clearly indicate what this could mean: This was how they broke the will of the Polish people in 1981, forcing them into eight years of marking time, so today they can continue where they were compelled to stop in 1981.

I believe you agree with me that we can wait no longer; we have had enough of the deterioration forced on us by the Communist Party. We cannot waste more years: Our nation is weary, and our youth already bears too great a burden.

As Viktor Orban said on 16 June, the coming decades of our nation's future were also interred in that sixth coffin.

We cannot allow a state of siege to be used to intimidate our nation.

Nor is it insignificant that the nation's president has the right to entrust one of his close acquaintances with the task of forming a cabinet. It is obvious that no party will obtain enough votes in the election to enjoy an absolute majority. The first party whose member will be entrusted with the task of forming a cabinet will obtain extraordinary advantages over the others. After all, it will be in the position to win over the minor parties, offering them cabinet posts and other inducements, and thus obtain a majority. Can we allow a man of the discredited ruling party to enjoy such prerogatives, regardless of our respect for him?

For these reasons, we consider it unwise for the nation to elect a president at this early stage, without making the necessary preparations.

Before we do that, we must elect a free National Assembly, at the earliest opportunity!

Such a free National Assembly could decide on the new constitution, the rights of the nation's president, and the method by which he will be elected.

As things are now, the ruling party, the present National Assembly, the government, or even we, the opposition, can claim no legitimacy.

The only way we can operate is with deep humility toward the people, and our mandate is limited to ensuring freedom of decision for the people.

Dear Sandor, the thoughts I have written thus far were shared by the two of us when we initiated the roundtable discussions with representatives of the ruling party. As a matter of fact, it was academician Gyorgy Szabad, the leader of the MDF [Hungarian Democratic Forum] delegation, who during the first plenary session presented our shared position. The commonality of our views was not limited to the issue of electing our state's president, but also existed when it came to three other issues, namely eliminating Communist Party cells at the work sites, accounting for the Communist Party's wealth, and disbanding the workers militia without any successor organization.

We considered all four issues the minimum prerequisites for providing equal chances.

At this time, I do not wish to analyze why the MDF changed its tactics, but we have remained consistently faithful to our original agreement.

This was the reason why on 18 September our delegation did not sign the compromise with the governing party, and why we immediately announced that we would demand a plebiscite on the above four debated issues.

We too were surprised that within the short period of three weeks more than 200,000 people had signed their names to our plebiscite petition, in a country where the past 42 years had instilled fear and anxiety into the minds of the inhabitants.

Thus it has come to pass that, with great reluctance, the National Assembly has set the date for the plebiscite, distorting our own original intentions.

We have arrived at the first nationwide plebiscite in our history!

At last, we can make use of the legal tool which you, too, proposed, and which is the natural property of every modern European nation.

For the first time in their history, the Hungarian people have the great opportunity to make their voice heard and express their desire through a plebiscite, and in the same breath to sanction the National Assembly's decision and make it irreversible. And then I hear with great shock that certain leaders of the MDF are encouraging the nation to boycott the election. Dear Sandor, this is unbelievable!

After all, if your opinion differs from ours, proclaim your desires and vote the way you wish to; but do not sabotage the nation's first opportunity to voice its will!

This is not like you, this is alien for you. This is not your style.



For decades, our people have been forced into a decaying stance of passivity. This is the cage from which we would like to escape now. It is difficult to convince people not to be afraid, speak their opinions, and exercise some control over their own fates!

As that noble friend of yours and mine, Istvan Bibó, used to say: "To be a democrat means not to be afraid!" And yet, the mentality proclaiming the boycott calls upon this very fear, for tactical reasons.

But this call for a boycott is also alien to the national character of Hungarians. Hungarians take their stand and accept the consequences. They do not like sneaky affairs and tricks.

We share the goal of eliminating passivity. We will make no progress if we cannot liberate people from the effects of anxiety and fear. Let them come to the polls and express their will.

If the MDF has a different view from ours, so be it; but I urge their members to come to the polls.

Let us decide together!

When, representing the Free Democrats [SZDSZ] at your national conference, I told you that our branches of the countryside always cling together and thus provide an example for our leadership circles, I felt that on many issues we have similar views.

Since that time, as I have roamed the countryside, I have found that several branches of the MDF share our views.

We all worry about the fate of the nation.

I hope that you agree with me that we should not be destructive and encourage people to stay away from the polls.

As is well known, while parties learn how to make politics, they also have the task of teaching people how to participate in public life.

I ask you, Sandor, to do everything in your power to have the MDF withdraw its call for an election boycott and leave it to the conscience of its membership whether they wish to participate in the first national plebiscite of our country.

With unchanged friendship,  
Imre Mecs

**Csoori on Differences Between MDF, SZDSZ**  
90EC0142B Budapest *MAGYAR NEMZET* in  
Hungarian 24 Nov 89 p 7

[Open letter by Sandor Csoori, poet, writer, and member of the MDF [Hungarian Democratic Forum] leadership: "Answer to Imre Mecs's 'Open Letter'"]

[Text] Dear Imre:

Once, when I was a teenager, I had to pass an urgent message on to a friend of mine. The fate of a love affair depended on it. Time rattled inside me like a bomb, but

no matter how hard I rang the bell and banged on my friend's closed door, no one answered. Even the windows facing the street merely looked at me with cold indifference. In my impotent rage, I had no other choice than to write the message on a piece of paper, tie the paper on a fist-sized stone and, like a figure from a romantic novel, smash the stone through the closed window.

I can still hear the ghostly clanging of the broken glass on high.

1. Your "Open letter," published in the 20 November issue of *MAGYAR NEMZET*, hit me like that message wrapped around a stone. You felt that you had to share a crucial thought with me.

Considering how our civilization tends to break up contacts, I appreciate your confidence. I have never counted the years that established and strengthened the quiet sympathy between us, but they may easily add up to an epoch. Thirteen or fourteen years have passed since the middle of the seventies. And how much has been squeezed into those years! Even if the party authorities of the Kádár era classified us into separate dissident groups, putting you among the more extreme and myself among the more temperate ones, we did not differ from each other in our commitment. I believe that this was revealed in some of our more daring dissident "guerrilla actions." From signing the Charta 77 through the Bibó Memorial Volume to the conference at Monor, as well as the feverish mass demonstrations (those around the Bathiany eternal flame, or at the East railroad station on the anniversary of the Brasso march), when we had to take overt political action in the face of policemen wielding rubber truncheons and riding motorcycles.

Since you were considered more extreme, after a while your resistance was taken to be more "natural" than mine. Those in power could never understand my actions. Not only because I frequently met with them, but also because on several occasions I went directly from open demonstrations to the negotiating table, as if to continue the sentences uttered on the streets that shook the system.

I acknowledge that it was a strange role, a strange fate. You were among those who knew this about me; moreover, you approved of the fact that I was a frequent visitor to the lion's den. I can say with a certain amount of blushing that this bold innocence may have been instrumental in the fact that the changes in Hungarian political life have taken place more smoothly and relatively free of danger. There were flexible and intermediary politicians between such figures as János Kádár and György Konrad, or Karoly Grosz and János Kis, who, because of their personalities, were able to fend off unnecessary confrontations.

I do not know why I bring up these dried-up memories, the irrelevant apropos of the past, when you turn to me

with timely and dramatic words, calling on me to take joint action in the interest of the 26 November elections.

Perhaps I do it so that I can retain my former tone.

2. I must say first that there could not be a worse time for me to receive such a conscience-disturbing letter from you than now. Just in the past few weeks I have decided that I will gradually withdraw from our increasingly angry and embattled public life, where instead of beer bottles and chairs, the participants are slinging serious slander at each other. In making this decision I worried less about my own head than about our unused historical opportunities. Some inner voice tells me that my place is back in literature, not in the political ring, not only because political thinking incorporates only a fragmented and broken dimension of reality, but also because (even if temporarily) there could come a time when literature once again becomes the only healthy center in the midst of our deteriorating circumstances, a center from which faith, human hope, and insight can be born anew.

And this is the time when you force me to return to (or enter) the ring. Had you asked me in advance if I would answer your open letter, I would have rejected your challenge. I have no desire to fight on unknown grounds, regardless of the side I would take. However, since you did not ask me, you presented me with a compelling situation, even if this was done full of good intentions. If I did not answer, I would give you and others the impression that I have become a coward. Of course, I could tolerate that baseless suspicion, as I have tolerated countless others, as long as it concerned my person alone. However, gradually and almost imperceptibly, your friendly letter took on the tones of speaking on behalf of an entire party, the SZDSZ [Alliance of Free Democrats], and at the same time you immediately ranked the MDF behind me. Moreover, you asked me to do everything in my power to have the MDF withdraw its call to boycott, leaving it to the conscience of its members whether they want to participate in the first national plebiscite in our people's history.

You may not have noticed that you asked me to do something beyond my powers. And, strange and terrible as it may sound, you and your friends are the reason why I cannot come to your aid. After all, how can I now, two days before the elections, wave a magic wand and normalize relations between us or, more importantly, between our organizations, when that was (once and for all?) settled months and years ago?

Is this sentence unclear?

The only way I can explain is by backing up to the antecedents.

I believe everyone agrees with the observation that in today's Hungary the most clearly defined opposition camp is made up of two groups: that of the radicals and that of the populist-nationalists; in other words, the SZDSZ and the MDF. They differ in style and a sense of

timing and, of course, the circumstances of their creation also differ. Beginning with the early seventies, your group was always more visible, active, and courageous than we were. You also showed more initiative in organized resistance. For this, you deserve our respect!

3. However, as long as this letter has taken this turn, let me say something about the slowness and cautiousness of our group, too, and about the origins of our circumspect style. Following the 1956 revolution, Kadar and his circle declared two ideas to be particularly onerous: counterrevolutionary sentiments and nationalism. Both were considered sins of equal magnitude, but the latter (because of historical associations) was also regarded as a repulsive character weakness. But what was the "nationalism" of Hungarians after 1956? Nothing more than an emotional dislike of the Soviet Union that defeated the revolution; an anticommunist stance, together with calls for the rise of the downtrodden nation. It was more defensive than offensive in nature. Still, the label had a peculiar history in our country. Those who were stamped "nationalist" came to wear a kind of stigma. I have not told you or anyone else about this, but ever since I have been active in literary and public life, I too have experienced the awkwardness of that label. The reason is that it immediately implies a racist, xenophobic, and anti-Semitic attitude, major sins all. This in spite of the fact that the most stubborn desire of the nationalists was a simple one; for the confused nation to rediscover its own identity, to regain not only its spiritual independence, but also its political and national independence. As the poet Mihaly Babits used to say, "consciousness is always the reaction of uncertainty." Indeed, we have focused our activities on regaining this consciousness, and our reasons were also most practical. After all, if a nation is strong within itself, inside its own spirit, it will be strong in its other relationships. I am not happy to say this, but I must: As long as the neurosis concerning our being Hungarian continues to damage our stance, the Jewish neurosis will continue to ravage. We nationalists began a process of inner reconstruction in the second half of the sixties. However, since we could not do this directly, we had to "invent" a similar theme that would represent these ideas. Thus, we tried to revive the cause of our nation by pointing out the desperate trends in population growth. We have been sniped at from all directions: from the positions of party authority as well as from the windows of many of our "urbanist" friends. Then came folk art, the movement to promote folk dancing, Transylvania, and the period when it was time to stand up for the Hungarian minorities. At first—I emphasize, at first—this too appeared to be extreme Hungarian zeal. "Hungarian whatchamacallit, stable-dancing, old ladies' philosophy," we heard the sardonic remarks from various corners. The sharpest remarks were addressed to me by an excellent individual: "Sandor, be careful with all this talk about Transylvania; my poor mother keeps saying that whenever Hungarians start mentioning Transylvania, the next day they start deporting Jews."

I fully realized and understood the origin of this fear. Still, this could not be discussed openly. What was left was the silent drama of a soul caught between two millstones. Radicalism could not get us very far in this regard. Our methods, our style, and our slowness had their roots not only in our characters, but also in our experiences. Even today, it is much more difficult for me to utter a sentence about the fate of Hungarians than about any political issue. Imagine what it must have been like in the sixties! I feel that if ever someone will write the history of Hungary's opposition movement from 1956 to 1980, he will have to devote a special chapter to those cultural dissenters who were compelled to wear various "costumes" in order to promote the regaining and strengthening of national identity.

4. Not just now, but as early as two years ago, we could not agree when it came to creating a harmony between our two organizations. It was summer; we were sitting on the terrace of the Angelica cafe, and you asked us Forum members to join the "Network," an alliance of dissidents in which every dissident could sit around the same table. Together with Denes Csengery, we declined that generous invitation. We argued as we could argue now: Quick and radical methods of transformation can be applied only to a minority of society, while changing the majority is a long and exhausting process; even in these feverish times, when being anticommunist is catching. But we said something else, too. I was personally acquainted with members of your group, and knew that, with a few exceptions, you were all squeezed out of your positions. This made your existence uncertain, but it also liberated you from all restrictions. The Hungarian police and the Western press were both "interested" in you. After a long time, which of course included beatings and harassments, you reached the point at which American and Western banks refused to give Kadar and his people the loans they requested if the authorities leaned on you harder than was "necessary." These were loans that kept the system alive. This was no mean achievement, even if it bore the shadow of an identity crisis! All in all, spiritually you and your associates may have been the freest citizens of this society. Still, then and there, Csengery and I said that the great majority of people in society find themselves unable to follow you, because few of them could even conceive the kind of rough-edged freedom you achieved for yourselves. For example, the statements you made in your samizdat publication BESZELO could have been repeated by few people on the work site; the next day they would have been out of their jobs and their families would have mourned their loss.

As I remember, even though initially there was tension, we parted in agreement. Though we have not said it, we understood that we would have to protect the differing intentions and autonomy of the two organizations; regardless of the kind of competition that will exist in a multiparty Hungary, we must not intrude into each other's territory.

Regrettably, recent events negate all hopes and insights. The SZDSZ just as readily attached the nationalist label to the MDF as Kadar and his circle had done with representatives of the national cause for the past thirty years. What is more, they even accused us of being anti-Semitic. This is an injurious and false slander, similar to the one that says that the SZDSZ is the party of Budapest intellectuals of Jewish descent.

I hope you see the perspectives and perverse aimlessness of this nightmarish madness. Our newest worry is that the new Hungarian democracy will find itself created in the midst of a psychotic public mood instead of freedom. And the populist-urbanist opposition which, until now, has only divided our spirits, will infect political life where it will be even more destructive.

5. And now I ask you, Imre: Who will be responsible for this?

In the coming months Hungarians will be helped by those who will gather together the nation's best forces. Yes, the best ones! Including even those former Communist Party members who, as members of the party's reformist wing, made their modest historical contribution to the destruction of this clumsy and wicked socialism. I would go even further: We should help those who wish to repair their damaged honor, just as we provided help in clearing the rubble and rebuilding houses after the ravages of war. Otherwise we will not have the right to say that it was us who put an end to this monstrous period.

Perhaps I do not have to point out that, instead of doing this, everyone wants to grab power. They want to conquer and triumph, using trickery and slander in newspapers and on the television. Is this where they want to win? At the moment, the objective conditions for a victory do not exist: Every victory is also a defeat at the same time. It will take time to distinguish one from the other. Upon first reflection, I think of the starved prisoners of war who, having returned from the camps, hungrily fell upon the food fit for human consumption, and simply died of overeating.

It would have been better to choose a different tempo for the transformation, one that is more circumspect. After all, genuine radicalism is self-confident and, if need be, even patient. I hear the response from your associates: We are behind and, what is more, we may be threatened by the danger of restoration. I believe that a chaos that would divide and confuse the nation is more concrete than any other danger; so let us not scare ourselves with nonexistent demons. Yesterday it was East Germany, today it is Bulgaria, and tomorrow it will be Czechoslovakia that will shake off the straitjacket and, joining us, help us prevent the return of ghosts.

Dear Imre, it is time to shut off this flow of confession and make some remarks concerning the thoughts in your letter. Yes, you mentioned our 1985 attempt to have a

plebiscite on the issue of the Bos-Nagymaros river barrage. Our demand to the government was to have millions of citizens decide the fate of the power plant. We received a reply, on stationery without letterhead, from the Secretariat of the Council of Ministers, saying that Hungary has no laws concerning plebiscites. "Let the National Assembly create one!" we demanded, together with Ferenc Danis, but in vain.

6. I would have gladly participated in the voting in 1985. This year I will not vote. That ballot would have had meaning, in the economic, national, historical, and political sense. This one does not.

What should I vote for, Imre? If, instead of the four, the only issue on the ballot were whether we should elect the president of the republic directly or indirectly, I would vote without hesitation. But, what is the rationale behind having the other three anachronistic issues on the ballot? Were they placed there as garnish, or to attract voters?

Conducted in this manner, this plebiscite is nothing more than the continuation of the interparty war, using covert means. In other words, a prestige struggle, a political boxing match, with the participation of a stirred-up but thoroughly confused audience.

I say this without any pangs of conscience, because, fortunately, I did not participate in making up the text calling for the boycott. Do I approve of it or condemn it? A more correct answer is that I regret that it happened. However, it had to happen! We were forced to issue such a call. Just as I was forced to write this lengthening letter, and just as the MDF was forced to nominate someone for the post of president of the republic, only in order to respond to the accusation coming from your associates that we are collaborating with the communists.

I must concede that your organization is still quicker and more ambitious than most other parties and organizations, including even the MDF. In other words, you have retained your initial advantage, and will continue to retain it for some time to come. This is due in part to our antecedents and our differing methods, and in part to the fact that most members of your organization are professionally committed to the sciences, arts, jurisprudence, and politics. But let us not forget this: Like oxygen, sober reasoning and practical wisdom are distributed equally in this world. We have already seen very smart people from all parts of the world ending up on dead-end streets.

And finally, let me say something about your remarks concerning Pozsgay. It will not be easy, because for decades I have been on friendly terms with him, and this friendship was not "produced," but rather made difficult, by politics.

There was a time, not very long ago, when you too genuinely respected him, with few reservations. You realized that he was the striking point in the alliance that was ready to be split. At that time, you seemed to be looking at him with the eyes of a Realpolitiker, while today you are seeing him as a phantomlike person. Of

course, you have the right to do this. In recent times, I, too, have noticed some shadows around him. However, when someone is being attacked and bad-mouthed as vehemently as he has been, I am not surprised that the person makes an occasional blunder. In any event, it is strange that Ribanszki and Grosz oppose him as much as you or some of the more emotional members of my organization do. Naturally, I feel that here, too, party interests and the struggle for power prevail. You also claim that the successor of the ruling party wishes to use Pozsgay as its ace in the hole.

7. Appearances seem to prove you right. It can be no other way, because Imre Pozsgay would have had to lie in order to escape the historical situation in which we seem to mark time awkwardly. The comparison is not quite accurate, but it could be thought provoking: Why doesn't "our Gorbachov" leave his own party, and why doesn't he form another one that could be more to his, and our, liking?

See, I defend him; just as I would defend you, if someone were to level false charges against you. Pozsgay as potential dictator? As the sword of Damocles? Dear Imre, go ahead and defeat him honestly at the polls, but do not spread ill-intentioned myths about him. Because, seeing this unusual and deep antipathy, I would be compelled to think that all your preparations from 8 September to the calvary of the plebiscite affair have been undertaken because of him.

And this would make me feel thoroughly embarrassed.

Dear Imre, the stone has already been thrown; that certain stone aimed at the 26 November plebiscite, and who knows where it will land? You will be going to the polls, and I will not. I am already worried about the "winners," if there will be any. A victory based on false situations hurts all of us; after all, even as opponents, we are tied together.

With a friendly handshake,  
Sandor Csoori

## POLAND

### Rural Needs, Role, Rationale for Solidarity's Peasant Party

90EP0247A Warsaw TYGODNIK SOLIDARNOSC in Polish No 29-30, 22-29 Dec 89 p 15

[Article by Jacek Szymanderski: "Polish Peasant Party: Liberalism—Yes, Socialism—No: Whole Society Must Bear the Costs of the Crisis and Debts Incurred: Who Should Bear the Burden and When?"]

[Excerpts] What is Solidarity's Peasant Party, the PSL? What is the new party's relationship to the private farmers' trade union? Is a new party even necessary? Does the creation of the new party mean a split within Solidarity?



The appearance of a new party or political organization should be justified by the situation in which the new party comes into being. Every party tries to find support for some sort of issue, and the program it is carrying out at the given moment seems particularly important.

The basic issue now is how to get out of the crisis. Everyone knows that the costs of the crisis and the debts we have incurred will have to be shouldered by the whole society. Who should be made to bear them, when, and how much? Various social groups give different answers to the question. Some people say that the main thing is to settle the matter of the food market and accelerate the development of rural production. The consequence of adopting this view, at the present stage of getting out of the crisis, would be not to burden farmers with the costs of the crisis but to make it possible for them to make investments. This would mean it would be necessary to channel substantial funds to farm aid, for imported machinery, tools, and chemicals. Setting price ratios so that farmers could buy investment goods would at the same time increase the burden the urban population would bear for the costs of the crisis.

The chief argument against such a solution is the supposition that the urban population could overturn the Solidarity government, but if the rural areas bear an excessive burden now, then the peasants will stop investing. This move would lead to a great reduction in farm production and the complete disintegration of the food market, with the result that there would be social unrest and the government would collapse.

Investment in the rural areas and processing industry, especially the food industry, is supported by more than the mere fact that it is essential to stabilize food supplies. Other considerations also come into play. The return on investments in agriculture comes very quickly. In trying to rebuild its capital resources, a government in crisis must take into consideration the time it will take for investments to start producing income. The creation of capital resources in rural areas will have a positive impact on the development of industry producing on behalf of agriculture.

Nonetheless, the difference of opinion concerning the way to get out of the crisis, whether to start with rural investments and investments in small processing industry and services or whether to burden everyone equally with the costs of the crisis, is a very important political and ideological difference: To protect the standard of living of employees and their families or to be concerned with the possibility of investment and savings above all else.

The trade unions formed in Europe basically had the purpose of protecting workers' living conditions. The unions were supposed to protect them from unemployment and from being paid wages that were too low or unjust and to fight for universal access to education and

health care. As a trade union, NSZZ Solidarity also has the task above all of protecting the social interests of employed people.

Every union of producers, owners, including the farmers' union, always has a liberal orientation. Its members are interested in the possibility of the free running of their business and the accumulation of capital, that is, investing. There is no special political conflict that is peculiar to food producers and food consumers. The same conflict occurs between producers and consumers of all sorts of goods. [passage omitted]

Solidarity's Peasant Party, on the other hand, is a liberal party, a party with the major goal of creating political conditions for initiative, especially small-scale entrepreneurship. This is more than a rural party. The fact that people connected to NSZZ Solidarity, especially the union's chairman, Jozef Slisz, stems from the fact that Solidarity RI [Independent Farmers] is the country's only strong producers' union which finds a program of liberalism to be more or less natural. Private peasant farmers represent the largest number of private entrepreneurs interested primarily in investing and increasing their capital. This is the only group which defended its holdings against the communists.

PSL wants to create the conditions for all sorts of entrepreneurship. We are supporting small-scale entrepreneurship the most, because the crisis calls for it, but there is more to it than that. It is a question of keeping a place for the small towns and groups. Under communism, industry was the determining factor in urban development and the creation of new towns. Without industry a town was doomed. It became a "hole." Now developmental opportunities must also be given to people in small towns and settlements. Small-scale entrepreneurship provides this opportunity.

Finally, ecological considerations play a considerable role. When we think about entrepreneurship, we have to keep the environment in mind. The great complexes, large-scale industry, and the huge blocks of cramped apartments fail to create the right environment for human beings. Protection of civil rights is closely related to liberal, ecological thinking. All institutions should be service-oriented and assist a free, enterprising individual. We take this principle very seriously. It comes out of the Church's social teaching, from religion, which is an important source of inspiration for Solidarity's Peasant Party. The most important tenet of our faith teaches us that Jesus Christ did not become incarnate in the government, the nation, social work, or a trade union but right in the human person. The world is for the human person, and not the other way around.

Reform in Poland is not merely an economic problem. The issue of distributing resources is a political one, as I explained at the outset. Socialist thinking stems from more than mere distrust of entrepreneurship and ingenuity. It also has certain structural reasons, and they are far more important.

Solidarity sprung up alongside the communist structures of administrative and economic authority, but the transformation of government structures will lead to changes in Solidarity's structures. There will obviously be opponents to such changes.

There seems to be the real, possible danger that in its liberal economic operations the government may not have the possibility of finding the proper political support. We want to create such a possibility. Only then will we be able to talk about pluralism. The functioning of democracy means that there are mutual compromises among the various courses of alignment, largely between the socialist and liberal.

We have often accused the communists of not being able to carry out the reform because of resistance within. We must be very careful not to fall into a similar trap. Political pluralism is one way. At the moment the main political division is not between town and country but rather between large-scale industry, modeled on the 19th century along with a huge bureaucratic machine, and the

people themselves, the workers, farmers, and office workers who want to think liberally and who see themselves not as political objects, but as political actors.

Does the creation of Solidarity's Peasant Party and the corresponding Citizens Parliamentary Club, or OKP, mean a split in Solidarity? No. Solidarity is still a whole when it comes to basic issues, such as democracy, civil rights, and national sovereignty.

The 4 June elections demonstrated that Solidarity is the nation's only representative. Solidarity people represent all social interests and groups. It is therefore clear that these interests must be expressed at the OKP forum and that to repress the differences with the slogan of unity would be nothing less than the restriction of political liberty.

We cannot find "the only right way." The discussion on getting out of the crisis, a discussion between socialists and liberals, can only be settled in parliament using political methods.



## HUNGARY

### American Telephones, Boeing Airplanes Under Negotiation

25000593D Budapest NEPSZABADSAG in Hungarian  
10 Jan 90 p 1

[Article by Peter Sereny: "American Telephone Central Offices and More Boeing Airplanes in Hungary?"]

[Text] Andras Derzsi, the minister of transport, telecommunications, and construction, is negotiating in the United States concerning specific proposals related to the development of the Hungarian telephone network and air transportation. At meetings held on Monday and Tuesday [8-9 Jan] in Washington he met with representatives of Bell and Northern Telecom.

In addition to discussions with Commerce Secretary Mosbacher and Housing and Urban Development Secretary Kemp, Derzsi's Washington schedule included negotiations with leaders of the Export-Import Bank and the World Bank. The Hungarian visitor also took part at the official ceremony in which the head of the Overseas Private Investment Corporation [OPIC], the American organ that provides U.S. guarantees to foreign investments, signed a document which guarantees General Electric Company's \$150 million investment whereby it acquired majority control over Tungsram.

The minister told this Washington reporter that it is likely that the Export-Import Bank will dispatch its experts to Hungary in February to assess financing opportunities provided by new economic regulations. Bell expressed a serious interest in the Hungarian telephone program, according to Derzsi. This plan would permit a threefold increase in the number of telephones in Hungary during a five-year period, and it would reduce the waiting time for new telephone installations from the present 12-year average to six months.

Regarding the other major subject, the renewal of MALEV's fleet and the needed privatization of air transportation, Derzsi said that today [10 Jan] he is beginning informational and orientational negotiations with Boeing in Seattle.

### Australian Firm To Buy 100-Percent Control of Brewery

25000593C Budapest NEPSZAVA in Hungarian  
8 Jan 90 p 12

[Text] The Nagykanizsa Brewery will become a Hungarian-Australian joint enterprise. More accurately, the official formula calls for transforming the brewery into a 100-percent foreign owned business organization. The enterprise council of the Zala County firm decided to change the indebted brewery's form of operation because otherwise it would not be possible to accomplish technological development and increased production, both of which have become urgent.

### Environmental Thrust to Japanese Economic Aid Revealed

25000593B Budapest NEPSZABADSAG in Hungarian  
3 Jan 90 p 2

[Article by Andras Trom: "How Large an Entry Fee Will Japan Pay?"]

[Text] The Japanese press has begun reporting specific concepts included in that Far Eastern country's specific support package plan for Hungary, supposedly for purposes of evaluation.

These concepts will be officially announced during Prime Minister Kaifu Tosiki's visit scheduled for mid-January. Japan's most highly respected economic daily, the NIHON KEIZAI SIMBUN, has previously reported that the Japanese are envisioning opportunities for technical assistance and the transfer of know-how and experience in the fields of environmental protection and the protection of historic buildings and monuments. Most likely at the suggestion of the government, the newspaper reports that Japan wants to contribute to the establishment of new industrial branches in Hungary in three fields through technology transfer and the conveyance of manufacturing processes.

In addition to the obvious profits, another consideration that cannot be neglected is pointed out by the Japanese newspaper: The environmental protection package plan would be a new type of assistance, because they would not only provide money, they would establish a new branch of industry as well. This new industry would help invigorate the Hungarian economy.

MAINICHI SIMBUN also dealt with support to be provided for Hungary and Poland. The influential Japanese newspaper states that prime minister Kaifu's visit to Hungary and Poland may be interpreted as a great achievement by Japanese diplomacy. ASAHI SIMBUN, the most highly respected daily newspaper, points out that Japanese assistance to be provided to the two Eastern European reform countries will represent the entry fee to an expanding Europe to be paid by the country of the Rising Sun, and may be interpreted as Japan's contribution to the development of new European conditions.

The newspaper also states that immediately preceding Foreign Minister Nakajama Taro's visit to Sopron, Japanese ambassadors in Eastern Europe called his attention to the fact that the government of the Far Eastern country was too late in reacting to changes that occurred in the region, and that Japan should play a far more active role in endeavors enhancing evolution.

**10,000 Received Unemployment Assistance in 1989***25000593F Budapest NEPSZAVA in Hungarian  
6 Jan 90 p 16*

[Text] Unemployment assistance payments provided some security for longer or shorter periods of time to about 10,000 people in 1989. Data for the 11-month period in 1989 were published yesterday. By the end of November the number of persons receiving unemployment assistance had approached the 10,000 mark. Thus far 147 million forints were used from the employment fund for purposes of providing assistance. Only a relatively small part of last year's 2.4-billion-forint employment fund was needed for unemployment assistance purposes. A larger amount, about 900 million forints, were spent on investment projects which created jobs, and 250, 240, and 180 million forints were spent on the development of labor market services, public service jobs, and retraining assistance, respectively.

As a result of finding new jobs or retiring, many people continuously leave the unemployment assistance program. Despite this fact, however, the number of persons receiving assistance amounted to 6,000 as of late November. Of this number about 2,000 paid their living expenses from these funds for a period longer than six months, and within that figure 300 persons used these funds for a period longer than three quarters of a year. About 60 percent of those receiving assistance are untrained, 30 percent are comprised of skilled or semi-skilled workers, while 10 percent have a higher education. More than 70 percent of persons receiving assistance worked as physical laborers before. Thirty-six percent of the persons receiving assistance are located in Borsod-Abaúj-Zemplén and in Szabolcs-Szatmar counties.

The average gross benefit per person amounts to 4,252 forints, but there are great variations in the actual amounts received, depending on previous earnings. Fifty-four percent of the recipients received less than the minimum wage of 4,000 forints, and some 500 persons received less than 2,000 forints. Thirty-seven percent of the claimants received between 4,000 and 8,000 forints, while nine percent received between 8,000 and 12,000 forints in the form of unemployment assistance.

Due to the liquidation of enterprises running at a loss, and to the reduction of exports subject to settlement in rubles, the employment fund will have to respond to a substantially larger volume of unemployment. The amount set aside this year is eight billion forints, but this also includes support to be provided to persons whose capacity to work has changed.

**Slow Progress Observed on Lead-Free Gasoline***25000593E Budapest NEPSZAVA in Hungarian  
8 Jan 90 p 12*

[Unattributed article: "Reduced Lead Content Is the Goal: Will There Be Fuel Gentle to the Environment?"]

[Text] Will the number of gas stations that sell lead-free gasoline increase in Hungary, and will fuel that is gentle to the environment be cheaper than the old type of gasoline? An MTI [Hungarian Telegraph Agency] reporter asked these questions at the Ministry of Industry.

Throughout the world lead-free gasoline is produced at a higher cost than ordinary gasoline, according to ministry officials. But refineries receive subsidies from various environmental funds, and therefore lead-free gasoline prices are lower in developed countries than the price of ordinary gasoline. There are no opportunities and financial resources for this purpose in Hungary. Only a few dozen gas stations in Hungary sell lead-free gasoline, and at a price higher than what they charge for ordinary gasoline. Quite naturally, Hungarian drivers will not pay this higher price, even if environmental protection considerations would warrant the use of lead-free gasoline. The between 15,000 and 16,000 tons of lead-free gasoline sold last year constitute only one percent of the total of 1.6 million tons of gasoline sold. Expressly lead-free gasoline may be used only in cars equipped with catalytic converters, according to experts. Today's cars in Hungary are not equipped with these. At present, foreign tourists whose cars are equipped with catalytic converters buy gasoline at stations which sell lead-free gasoline. (Establishing more gasoline pumps of this kind would not require additional investment.)

For the time being, none of the cars that can be purchased in Hungary are suitable to run on lead-free gasoline. At this time the goal is not to have more gas stations that sell lead-free gasoline. The present goal is to reduce the lead content of gasoline sold, thus protecting the environment. Five years ago each liter of gasoline sold in Hungary contained 0.7 grams of lead. At present the lead content amounts to 0.4 percent. A new plant is under construction at the Duna Crude Oil Industry Enterprise. This plant will produce gasoline with a lead content of only 0.15 grams per liter. The unit will be completed in 1992.

**POLAND****1990 Socioeconomic Plan: Guidelines for Economic Stabilization***90EP0262A Warsaw RZECZPOSPOLITA in Polish  
15 Dec 89 pp 5-6*

[Text of Socioeconomic Guidelines for 1990, adopted by the Council of Ministers on 14 December 1989]

[Text] In consonance with the amendments to the decree on socioeconomic planning, as proposed by the government and accepted by the Sejm and the Senate, "Socioeconomic Guidelines for 1990" constitutes a document replacing the traditional central annual plan.

The basis for this document is the government's economic program announced in October 1989, a program outlining the main directions of action.

They are:

- Stabilization of the economy by suppressing inflation and restoring the economic equilibrium.
- Transition to an open market economy along with activation of the process of transformations in the ownership structure of national wealth.
- Alleviation of the social ills accompanying the suppression of inflation.

The choice of these directions ensues from the need to overcome the negative consequences of the prolonged operation in Poland of an inefficient economic system and the inconsistent past attempts to reform it.

These have resulted in compounding negative trends, as chiefly manifested in the soaring inflation. Combatting that inflation is the principal goal of economic policy in 1990, because this is decisive to the success of the intended institutional transformations. This program has met with a positive response from Western creditors and international financial institutions, as reflected in their readiness to grant new credit to Poland and defer the payment of current obligations. It has become the basis for accords with the International Monetary Fund—something that had not been possible in previous years.

## I. STARTING CONDITIONS

### The Economic Inequilibrium and Inflation

In 1989 inflation will markedly surpass the planned 20 percent. In December 1989 prices will be ninefold as high as in a like month last year. The currency depreciation is a counterstimulus to saving and a stimulus to the avoidance of the zloty. Increasingly broader segments of the society are becoming pauperized, especially large families and pensioners and annuitants.

Consumer incomes, which as late as during the January-July period totaled nearly 20 trillion zlotys, are estimated at approximately 52 trillion zlotys for the period from August to December, that is, for the year as a whole they will have amounted to about 72 trillion zlotys. However, the real purchasing power of these incomes has been constantly diminishing since last August and for 1989 it will probably be close to that for 1988.

Disposable consumer income will amount to 20.7 trillion zlotys at year end, and its nominal level will be 3.5 times as high as it was a year ago, but its real purchasing power will be only about one-third as high owing to the markedly higher price increases. The relatively low—in relation to price increases—increase in disposable consumer income is due to the avoidance of the steeply depreciating zloty and search for advantageous commodity investments and capital investments in, among

other things, hard currencies. The aggregate deposits in private hard-currency bank accounts at the end of the third quarter of the year were, in terms of the domestic currency as calculated according to the free-market exchange rate of the United States dollar, 3.5 times as high as the disposable consumer zloty income.

It is expected that by year end the overall market supply of consumer goods in retail stores will fall to a level of about 70 percent compared with a year ago, which means that the ratio of inventories to average daily sales will deteriorate (to 35 days in 1989 from 43 days for 1988 as a whole).

### Output

The trends so far warrant estimating that:

- Generated gross national product will decrease by about 2 percent compared with 1988.
- Distributed national product will probably be about 1 percent lower than its 1988 level.
- Aggregate consumption may be, given a continued substantial decrease in inventories, close to that of last year.
- Gross investment outlays will remain at a level close to that of last year.

In socialized industry it is estimated that output will be 3 percent lower than in 1988; of which 4 percent lower in the extractive industry and 2.9 percent lower in the processing industry. The greatest decline in output will occur in such subsectors as the metallurgical, fuel-and-energy, and food industries.

The output decline in socialized industry is being offset only to a small extent by the growth in the output of private industry, however dynamic it may be: compared with 1988, that growth is estimated at 30 percent in constant prices.

The restrictions on work on Saturdays this year have resulted in a steady decline in the supply of black coal. As a consequence, its extraction for 1989 is estimated at 177.4 million metric tons, i.e., 15.6 million tons less than in 1988. Coal exports will reach 28.2 million metric tons, i.e., 4.1 million tons less than in 1988. Coal stockpiles will drop to the level of 8-10 million metric tons or about 50 percent of the level a year ago. It is expected that, owing to recently taken measures, the coal inventories of electric power stations at the end of this year should be not lower than 4 million metric tons, that is, remain at the 1988 level. Such an inventory level as well as the shipments expected for the first quarter of 1990, should, given normal winter weather, be adequate for normal power-industry operation in the winter, and the power shortfall should not exceed 1,500 megawatts. It should be emphasized, however, that the country's power situation will be greatly affected in the next few months by the recent growth in the number of power-plant breakdowns. Another important factor adversely affecting

economic processes is the insufficient shipments of liquid fuels. They are due to the limited processing capacities of our refineries, which at present total about 16 million metric tons, and to the shortage of hard currencies to pay for imports.

It is estimated that the basic output of socialized construction and installation enterprises will be nearly 10 percent lower than in 1988. In housing construction, about 160,000 dwellings will be released for occupancy, which means about 30,000 fewer dwellings (or nearly 16 percent less) than in 1988, or a record-breaking regression for the decade as a whole. It is estimated that socialized construction will account for about 95,000 of the new dwellings, i.e., about 30,000 (24 percent) less than in 1988, while private construction will account for about 65,000 new dwellings, which means a slight (1.4 percent) increase in its output compared with the previous year.

Aggregate farm output will be somewhat higher than in 1988. Crop output will be good—about 2.7 percent higher than last year, but livestock output will diminish by about 2.3 percent compared with last year. The growth of overall grain output by 2.3 million metric tons has not so far been reflected in the supply of grain for [state] procurements, despite the announced credits for grain procurements.

Investment outlays in 1989 will be about 14 trillion zlotys (in current prices). Enterprise investments will be higher (by about 6 percent) than last year, but itemized central [government] investment outlays will be markedly lower (by about 35 percent), as will be investments by ministry budget units (about 30 percent lower), and in cooperative housing construction (about 6 percent lower).

It is estimated that, compared with 1988, the following changes will take place in foreign trade:

—In Payments Area 1 ["socialist" countries], a 2-percent decline in exports and a 3.9-percent decline in imports. The positive balance of trade will amount to 1.3 billion rubles.

—In Payments Area 2 ["capitalist" countries], a 2.3-percent increase in exports and a 9.6-percent increase in imports. The positive balance of trade will be only US\$0.5 billion (the lowest ever since 1981).

It is expected that by the end of 1989 indebtedness to countries of Payments Area 1 will decrease to the level of 5.6 billion rubles (a decline of 0.9 billion rubles compared with the end of 1988), but indebtedness to countries of Payments Area 2 will amount to US\$39 billion, that is, it will remain at the same level as at the end of 1988 (US\$39.2 billion), this being linked to the evolution of the exchange rate of the dollar in relation to other currencies.

### State of Finances

In 1989 the state's financial condition worsened as reflected in the deficit of the state budget which is estimated to reach 4.7 trillion zlotys by the end of 1989. This means that by year end 13.8 percent of state budget expenditures will not be offset by revenues (compared with 2.7 percent in 1988). It should be emphasized, however, that this will still be a much better budgetary deficit than it had been at the end of last June when it had reached 30 percent.

In the fourth quarter of the year the financial situation of enterprises is improving. This is reflected in the shrinking ratio of operating cost to volume of sales and in the decline in the operating losses of heretofore unprofitable subsectors. At the same time, though, the differences in the situation of individual enterprises have been growing, owing to differences in the efficiency of their performance, and particularly in the efficiency of their utilization of fuel, energy, and imported raw materials, as well as in their possibilities for raising the prices of their products.

Liquidity problems force many enterprises to extend credit to each other and cause many to be short of funds for operational and investment outlays. In addition, some enterprises are in debt to the state budget because they are in arrears with their taxes.

Given the existing modes of ownership, enterprises focus chiefly on maximizing wages rather than profits. At the same time, traditional fiscal policy has resulted in easy credit. Owing to the lag of supply behind demand, the gradual liberalization of prices focused the attention of enterprises on hiking prices in order to afford wage increases rather than on expanding output.

### Living Conditions

The rapid price hikes over the year have depreciated the value of pensions, annuities, and all kinds of entitlements—other than family allowances—shielding the poorest groups of the population. Part of the society has been undergoing pauperization and there is a general feeling that social services are inadequate, as also affected by, among other things, the condition of the natural environment, housing conditions, and the level of public welfare available. Generally speaking, in addition to the decline in housing construction, new investments in public health and education will also be lower. Among other things, 2,600 new beds will be added in general and clinic hospitals, compared with 3,900 in 1988. The supplies of medicines and medical equipment and apparatus to health service have declined; in 1989 government orders for medicines and toilet articles will be fulfilled about 80 percent, and for medical equipment and apparatus, about 70 percent.

In the field of education, the level of the satisfaction of needs is decided not only by new investments but also by demographic changes. In 1989 preschool education was available to 53.2 percent of children three to six years

old, compared with 50.7 percent last year. This is linked to both the decline in the number of preschool age children and the increase in the number of added preschool vacancies compared with last year. As for the growth rate of elementary-school vacancies, it has decreased (by 500 vacancies) compared with last year, which, however, is not significant enough. On the other hand, working and teaching conditions in supraelementary schools have deteriorated because the rise in their enrollment has been much faster than the increase in their facilities and accommodations.

The above condition of our economy is a result of:

- The years-long ineffectual structure, in terms of property ownership, organization, and subsectors, of our economy.
- Foreign indebtedness, which curtails the import (including supply) possibilities and is causing a difficult payments situation.
- Difficulties in the economy's adaptation to the market system.
- An ineffectual system of governance and mistakes in economic policy committed in previous years and ensuing from, among other factors, sociopolitical causes.

Such are the starting conditions for the government's economic intentions for the year 1990.

## II. DIRECTIONS AND INSTRUMENTS OF ECONOMIC POLICY

### 1. Institutional Changes

The purpose of institutional changes is, in accordance with the government's economic program, to create the foundations for a market economy with features close to the tried and tested systems of the highly developed countries.

In 1990 these changes will begin to be translated into reality on a scale decisive to change in the system of society.

The basic institutional changes concern:

- Changes in modes of ownership intended to alter the structure of these modes so that it may result in making efficiency a lasting feature of our economy and at the same time be a source of future desirable transformations in the subsector and branch structure of the economy.
- Full application of market mechanisms and institutions and demonopolization of the economy.
- A reform of the fiscal and banking system and the introduction of zloty convertibility serving to open the economy to the world.

### Changes in Modes of Ownership

The transformations in the structure of these modes will result from:

- An ongoing privatization of wealth by means of public sales of enterprise shares available to citizens as well as to institutions interested in effectiveness of management; this will be combined with the promotion of various forms of employee stock ownership.
- Introduction of municipal property ownership.
- Changes in the cooperatives.
- Development of foreign enterprises and joint ventures.

The evolutionary road of restructuring modes of ownership means that the state sector will remain for a long time yet a significant factor in the Polish economy. In view of this, these enterprises should be guaranteed economic and legal independence. It is necessary to continue the discussions of the legal forms of state enterprises, the organization and disposal of state property, and the pace, forms, and procedures of privatization. During the first quarter of 1990 corresponding legislation will be discussed by the Sejm and the Senate.

In 1990 pilot privatization measures will be taken so as to provide a model for further action in that direction. This requires the organizational, financial-accounting, and material preparation of a substantial number of enterprises for privatization.

In the event of privatization through sale of large enterprises, preference will be given to their employees as well as to other small private stock purchasers.

The government will promote the rise of participants of and institutions in the capital market. In addition, broad educational campaigns will be undertaken upon utilizing the assistance of Western advisors.

### Antimonopoly Measures

The government will pursue, on utilizing the provisions of the revised antimonopoly decree, an active antimonopoly policy by eliminating all constraints and barriers to the rise of new economic entities and breaking up monopoly structures, thereby creating conditions favorable to competition.

An independent antimonopoly agency will be established. The list of practices viewed as monopoly behavior or as unfavorable to the rise of competition will be broadened. Such practices include, in particular:

- Price and other agreements intended to curtail competition.
- Restriction of output, sales, or procurements of goods with the object of hiking prices.
- The combined exercise by one individual of the duties of director and member of the governing board, the supervising council, or the auditing committee, in mutually competing economic entities of which at least one accounts for more than 10 percent of market share.



### **Reform of the Banking System and Principles of Monetary and Credit Policy**

The continued restructuring of the banking system and a reform of the principles of monetary and credit policy will be actively pursued. This is to be assisted by, among other things, supporting the initiatives for forming new banks, including banks with participation of foreign capital.

The principal measure to bring into order credit relations will be the abolition of preferences in loan interest rates. This also entails the necessity of revising those loan agreements which contain a clause assuring fixed interest rates. The basis for the interest rate policy will be the commercial nature of bank credit and the assumption that it should assure an equilibrium between supply and demand and compensate for the effects of inflation.

The instruments for monitoring the loan activities of commercial banks will be altered. The scope of credit availability will be contingent on:

- Size of the bank's assets and time-limit deposits.
- Mandatory capital reserve held by commercial banks at the National Bank of Poland.
- Interest rate on refinanced credit.

Credit demand will be curtailed by a policy of raising interest rates realistically. This should markedly restrict the demand for investment credit and streamline the management of circulating credit. At the same time, owing to a balancing of the state budget, the possibilities for extending credit to economic entities and consumers will grow without any excessive growth in the money supply.

With the object of partially offsetting the consequences of the high loan interest rates, it is expected that:

- Part of the interest due would be periodically capitalized, which would augment the indebtedness.
- Another part of the interest due would be refunded in the form of state budget subsidies for long-term credit for housing construction as well as for land purchases and biological progress in agriculture. The scope of the subsidies for these purposes will be defined in the budget decree.

### **Institutional Changes in Foreign Trade**

The economic program of the government assumes that a uniform rate of exchange promoting the domestic convertibility of the zloty will be introduced early in 1990.

Economic entities will be obligated to sell in toto their foreign-exchange revenues, but at the same time they will be granted the right to acquire convertible currencies from banks in order to pay their foreign obligations. This

means the abolition of the distribution of hard currencies by means of bank auctions and of their administrative regulation.

Economic entities will be able to freely utilize the funds earned from exports and accumulated in their foreign-exchange bank accounts prior to 1990, until such funds are depleted.

The existing rights of private individuals to own and dispose of convertible currencies will not be restricted. Moreover, they will be granted the rights to purchase convertible currencies from banks with the object of paying their foreign obligations.

In transactions with Payments Area 1 the existing system for clearing of accounts will continue to apply to most trade transactions. The possibility of introducing closed clearing of accounts in terms of foreign exchange as regards part of trade with the USSR is being envisaged. The exchange rate of the zloty vis a vis the transfer ruble will be so determined as to follow the movement of domestic prices. It will therefore no longer be kept at an equilibrium level. Hence also, a system of continuing corrections in accounting for trade with countries of Payments Area 1 will be retained.

The introduction of domestic convertibility of the zloty will be accompanied by a far-reaching curtailment of the list of goods which can be traded only on the basis of official permits. In addition, the granting of import and export permits will be liberalized and linked to standardizing the customs duties and rules for the clearing of foreign-exchange accounts in foreign trade.

### **Changes in the Economic-Financial System of Economic Entities**

Major changes will take place in the economic-financial system of economic entities. Their productive capital will be reappraised. In state enterprises this will result in:

- Augmenting the value of the founding capital and the enterprise fund.
- A new basis for reckoning and crediting dividends. The 25-percent profit limit on dividend increases will be abolished. The mandatory 1989 exemptions from dividend payments will be partially abolished.
- The depreciation rate will be raised.

In addition:

- Turnover and income tax regulations will be unified and at the same time the extent of exemptions and discounts from both these forms of taxation will be severely curtailed.
- A restrictive tax on wage increases that exceeds a certain norm will be introduced for the period of economic stabilization.



—Tax discipline will be tightened.

The policy of rationalizing budget expenditures and promoting market competition will also mean a further substantial reduction in the scale of subsidies. The tightened conditions of activity may result in bankruptcies of many economic entities and hence also in a decline in output.

To protect the economy against the consequences of disturbances in production processes and excessive declines in output, a special fund is going to be established for enterprise groups expected in advance to incur financial problems owing to the implementation of the government's economic program. Enterprises within that group which should be assisted will be selected as a result of thorough analyses. That assistance would consist in granting them loans on condition that they implement a program for their internal restructuring with the object of more efficient operation. The possibility of augmenting that special fund with a subsidy from the state budget is envisaged.

## 2. Stabilization of the Economy

### Nature of Stabilization Measures

Stabilization measures are chiefly intended to combat inflation and restore a balanced economy.

This is mainly to consist in curtailing the growth rate of money in circulation and of overall demand by balancing the budget and lowering the growth rate of the money supply to a level lower than the growth rate of prices. These measures will initially manifest themselves in an unprofitable operation of a number of enterprises as well as in local unemployment and fall in output. Another socially injurious consequence will be a temporary decline in real incomes.

Suppressing the inflation and balancing the economy is, however, a necessity, because any further toleration of these trends would threaten not only destroying all motivation for saving, investments, and greater manufacturing efficiency but also, given the particular situation of our country, hyperinflation and total collapse of our economy. Implementing the intended stabilization program will require mobilizing our society as well as consistent measures on the part of the government. At the outset of the struggle against inflation, the principal economic variables (structure of product prices, interest rates, currency exchange rate) should be restructured so as to eliminate profound distortions in their mutual relations and initiate the process of economic growth. This will result in a correcting rise of the general price level.

It is expected, however, that the growth rate of prices will rapidly slow down in successive months. This can occur only on condition of a consistent application of all the principal elements of the stabilization program combined with gaining the understanding and support of these measures from all major social forces.

Therefore, the speed with which adaptive measures are taken will be of fundamental importance to the design of the stabilization program. A gradual and relaxed struggle against the inflation can only mean failure. Gradual measures will inevitably be neutralized by the inertial momentum of that process. For this concerns eliminating that momentum along with its principal well-spring, namely, the inflationary expectations. This will be assisted by a policy of:

—Regulating the growth of incomes.

—A stable hard-currency exchange rate, supported by realistic upward interest-rate adjustments.

In this place the close interdependence of the measures enumerated above should be stressed; omitting any one of these measures undermines the effectiveness of the others and threatens derailing the entire program.

### Budget Policy

In accordance with the guidelines of the government program, in 1990 the possibility of interest-free borrowing from the National Bank of Poland with the object of offsetting the state budget deficit will be abolished by legislation. The shortfall in budget revenues from taxes and other fees will be financed by issuing Treasury securities which can be exchanged for shares in privatized enterprises. The issuance of these securities will commence on 2 April 1990. As an additional source of financing the budget deficit, it is expected that short-term Treasury bonds will be sold to private buyers and economic entities. Also indispensable is assuring the possibility of short-term interest loans to the state budget by the National Bank of Poland in return for collateral in the form of letters of exchange and Treasury bonds.

A major element of budget policy in 1990 will be curtailing the scale and extent of subsidies in budget expenditures to 14 percent from the current 34 percent.

In 1990 the number of groups of subsidized consumer and producer goods and services will be reduced to 10 from 30. The subsidies to be maintained will include subsidies for coal, fertilizers, milk, lean cottage cheese, rye bread, and rail and bus intercity passenger transit.

Subsidies for municipal and housing services will remain large. The subsidized items will be: housing rents (repair and maintenance of dwellings), central heating, hot water, and urban transit. These subsidies will be indispensable despite the planned increases in the prices of the above-mentioned goods and services, but their real value will diminish.

Also helping to balance the budget will be a reduction in its expenditures on such purposes as:

—Central investments.

—Public security and national defense.

Similarly, budget expenditures on reimbursing part of the interest on loans granted by banks for selected purposes will be curtailed.

In 1990 budget subsidies for the statutory activities of sociopolitical organizations will be discontinued. The funding for these activities should henceforth come from the own income of these organizations as derived from dues, contributions from foundations, and economic activity. The only subsidies to be retained will be those for accomplishing tasks recommended by the state.

Also anticipated is a definite reduction in target-oriented funds. The aims of the eliminated funds as well as their incomes and obligations and arrears will be taken over by the central budget and local budgets at corresponding levels.

The principles for subsidizing local budgets from the central [state] budget will be retained in 1990. In the subsequent years they will be adjusted to the new shape of local self-governments.

### **Tax Policy**

During the period of economic stabilization the principles of tax policy will be of an interim nature, preceding the introduction of such specific solutions as the value added tax and the nationwide personal income tax.

The tax changes in 1990 will be intended to:

- Unify the principles for taxing economic entities regardless of the [state, private, cooperative] sector to which they belong.
- Adjust the tax burden to the nominal volume of sales and incomes.
- Curtail tax exemptions.

The number of diverse turnover tax rates will be reduced, and the basic rate will be raised to 20 percent. The scope of goods covered by the turnover tax will be broadened; this concerns, among other things, products sold domestically for hard currencies as well as imports by private individuals.

The income tax levied on enterprises of the socialized sector will be maintained at the level of 40 percent. For private persons the minimum income tax rate will be raised to 20 percent and the maximum lowered to 50 percent, while the number of gradations in that tax will be limited to four. At the same time, it is assumed that the income tax levied on private persons may not exceed 40 percent of the reckoning base.

In connection with the introduction of a uniform hard-currency exchange rate based on the principle of a balance between supply and demand, tax exemptions for exporters will be eliminated. Tax exemptions for investors will be retained only in case of investments in environmental protection as well as in the acquisition of machinery and equipment for the agricultural and food

industry, for the production of materials and products for housing construction, and for the application of science and technology innovations.

In lieu of the traditional income tax levied on wage increases exceeding a specified norm, a separate tax will be introduced.

The main elements of that tax will be:

- The wage norm for January 1990.
- A way of raising that norm on the basis of a corrected indicator of increase in the prices of consumer goods and services.
- A rigorous scale of taxation of the wage increases exceeding the wage norm.

The tax will also be levied on payments of awards and bonuses from profits in 1990.

The scope of the equalization tax applied to individuals will be expanded while at the same time alleviating its progression and radically curtailing exemptions and exclusions.

The basis for reckoning the agricultural tax will be changed. Its rate per adjusted hectare of farmland would be the financial equivalent of 2.5 quintals of rye as reckoned according to average market prices.

At the same time it is expected that the period of exemption from agricultural tax will be extended to 5 from 3 years in cases of the establishment of new farms or expansion of existing farms.

### **Price Policy**

The principal element of price policy in 1990 will be price liberalization. Price controls will be retained only to a limited extent. Official [regulated] prices will apply to:

- Heating of dwellings, hot water supply, billeting rents.
- Electricity for consumers.
- Black coal (probably only during the first half of the year).
- Certain medicines, serums, and vaccines.
- Urban public transit and interurban rail and bus transit.
- Radio and television subscriber fees.
- Alcohol and alcoholic products.

### **Income Policy**

The purpose of the income policy during the first, decisive period of the anti-inflation operation is to keep the increases in wages and incomes explicitly below the increases in prices. This will mean a marked decline in

the real-wage indicator. At the same time, though, suppressing inflation will liberate people from the "inflation tax," that is, from the loss of the purchasing power of their incomes between the moment they get paid and the moment they spend.

It is assumed that in 1990 the normative ratio of average wage of budget [government services] employees to the average wage of employees in the manufacturing sector will be 100 percent.

Wage increases for budget employees will occur once every quarterly period, on the basis of the predicted increase in average wages in the manufacturing sector, in an amount serving to reach the above-mentioned ratio.

In the event that wages in manufacturing will rise at a faster rate than anticipated, the salaries of budget employees will be correspondingly raised.

#### Money and Credit Policy

The principal determinants of money and credit policy will be, in addition to the aforementioned abandonment of automatic [interest-free] borrowing [from the National Bank of Poland] and "hollow currency" [unlimited printing of money]:

- Uniform conditions for access to credit.
- Curtailement of the printing of money and of the availability of credit.
- Abandonment of preferential loan interest rates.
- Introduction of interest rates on deposits and loans at levels exceeding the rate of inflation.

The basis for this policy will be the commercial nature of credit and the assumption that the interest rate should assure a balance between the supply of bank deposits and the demand for credit and compensate for the effects of inflation. In this situation it is becoming necessary to abandon preferential interest rates on loans: any eventual warranted [funding] support for economic entities or their operations should be provided from the state budget rather than through the mediation of a bank.

The activation of the new money and credit policy requires solving the problem of payments difficulties. Assistance in this respect will be provided by:

- High interest rates paid on the funds kept by enterprises in their bank deposits.
- Introduction of the promissory note as an instrument for regulating payments obligations.
- Creation of the possibility of placing in receivership the economic entities which fail to meet their obligations on time.

#### Investments and Restructuring of the Economy

Counteracting the inflation requires implementing deep changes in the structure of production. To this end it is

necessary to both tighten financial discipline in implementing investments and adapt the scope of investments to the financial possibilities of the state. On the basis of an analysis of the central investment projects still under way, it was decided not to initiate any new central investments until the end of 1990 and to suspend part of the investment projects under way or curtail the outlays on them. In addition, part of these projects will be transferred to the aegis of enterprises or allocated for sale.

Restrictive financial policy will result in a marked decline in investment demand. At the same time, an excessive decline in that demand will be counteracted by a marked increase in depreciation rates, linked to the planned reevaluation of fixed capital.

A major role in restructuring our economy already in 1990 should begin to be played by investments implemented with the aid of loans from the World Bank and with the participation of foreign investors. Such credit should play an important role in modernizing the Polish industry through, among other things, the acquisition of equipment and technologies as well as of indispensable facilities for the research laboratories of R&D units.

A definite majority of funds will be focused on the directions of the greatest direct and indirect importance to reviving our economy, namely, on: high-technology industries, farm equipment manufacturing, food processing, certain materials for coproduction operations, materials for housing construction, equipment for environmental protection, and telecommunications and banking equipment.

The economic-financial system of the mining industry will be altered, along with an organizational restructuring of that industry. First, mine maintenance enterprises will be dissolved and the character of the Black Coal Community changed, thus making it possible for individual mines to become autonomous. The concept of the mining rent will be utilized for an objective assessment of the economic performance of discrete mines.

#### Science and Technology Policy

Science and the scientific community and their research accomplishments will be an important factor in the socioeconomic and cultural growth of the state. In circumstances under which a fully balanced market is to be attained by the economy, science and engineering thought will be a fundamental factor in civilizational progress as well as in enhancing the degree of reproducibility and updating the level of manufacturing and reducing production cost.

During the period of the application of mechanisms of the market economy the country's science and research potential will be protected, but structural and qualitative changes corresponding to the new economic conditions will take place. Given the absence of any definite assessment of the demand for R&D work by the enterprises being reformed and adapting themselves to the new

economic conditions, the state will to a definite though limited extent take the responsibility for the determination and implementation of some of the science and, principally, technology policies.

During this transition period the principal funding source for R&D work and technology progress will be the Science and Technology Development Fund, created with revenues from the official preferences and discounts, as well as from the funds of the enterprises themselves.

This means a need for financing not only basic research, state-provided services, agricultural and medical research and development work, but also and chiefly the R&D work on electronic and telecommunications components, materials, means of production, measuring and control instruments, and bioengineering and agricultural and food processing.

The principle of competition for state funds among science centers should be introduced, and technologies, licenses, and know-how should become commercialized.

#### **Agricultural Policy**

The government's activities regarding agricultural policy will be intended to pursue two mutually complementary goals of a strategic nature, i.e., to stimulate (by means of economic instruments) the growth of farm output and to shape rural working and living conditions. This will be promoted by:

- Providing the conditions for an efficient operation of the agricultural market (including the abolition of monopolies held by institutional structures in agriculture and the establishment of the Agricultural Market Agency).
- Augmenting the supply of agriculture with modern means of production and allocating them more efficiently.
- Progress in expanding the engineering and social infrastructure of the countryside.
- Creation of new workplaces in the countryside, as a result of the formation of new and expansion of existing small and medium manufacturing plants and service establishments.
- Making allowance for territorial differences in the conditions of farm production (regionization of farm policies).

In the conditions of a market economy farm policy can be pursued by means of indirect forms of regulation.

In particular, provisions will be made for:

- In the credit system: reimbursement of part of the interest on loans granted for biological progress and the acquisition of farmland.

—In the subsidy system: sponsorship of biological and technical progress and scientific research, sponsorship of the expansion of the economic and social infrastructure of the countryside.

—In the tax system: exemptions from income tax and agricultural tax to promote investments in agricultural and food processing.

On the other hand, direct intervention by the state in the system of farm prices that will evolve as a result of market mechanisms is not envisaged. At the same time, in view of the likelihood of periodic disturbances on this immeasurably sensitive market, the possibility of state intervention in shaping the relations between supply and demand on the farm market will be assured. An authorized state institution (the Agricultural Market Agency) will act as the seller or buyer and indirectly influence the price level.

The economic entities operating in agriculture and food industry will moreover be able to avail themselves of supplies deriving from foreign food assistance. The specific intentions of the government in this important domain are presented in a separate document titled "Guidelines for Farm Policy in 1990."

#### **Debt Servicing**

It is expected that in 1990 debt servicing will be markedly reduced owing to the attainment of equal treatment by all our creditors, i.e., the Club of Paris, the Club of London, the USSR, and the CEMA banks. It is presumed that payments of principal to these creditors will be deferred to a period after the year 2000. Poland will undertake to partially service payments of interest beginning on 1 January 1993.

A major element of our debt strategy will be not only to defer payments but also to attempt to obtain debt reductions and assure a reduction in the required level of interest servicing. Poland counts on the application of new special related principles in this respect to her. From the Club of Paris we expect in 1990 exemption from all payments. At the same time, we are undertaking negotiations for a marked reduction in the level of interest payable; this also concerns writing off the interest due on unpaid obligations, with the object of reducing the growth rate of overall indebtedness.

From the Club of London we expect the deferment of all payments due in 1990 with the exception of interest due on current bank loans. We also expect the application of new methods for debt reduction and, above all, for the reduction of all interest payable in the future. As for CEMA, we proposed to it a deferment of payments and a reduction in the applicable interest rates.

From the World Bank we expect unlocking the prospects for utilizing credit to implement investment projects in the agricultural and food industry; in this connection, in 1990 we shall utilize for this purpose US\$150 million; at

the same time, during 1990 we intend to utilize US\$300-500 million in structural credit (SAL) to change our economy. In cooperation with the International Financial Corporation and the International Investment Insurance Agency, a program for new domestic and foreign investments will be commenced in Poland.

### Foreign Economic Relations

In its economic relations with Western countries the government will strive to gain greater access to foreign markets for our goods and recruit direct influx of foreign capital to Poland.

Of particular importance is the abolition or relaxation of the tariff and nontariff barriers still applied to Polish goods. The abolition of import restrictions is a highly important condition for a rapid growth of Polish exports, which is indispensable to economic growth and debt servicing.

The government will strive to extend to Polish goods the system of General Customs Preferences (GSP) granted by Western countries to the developing countries. Further interstate agreements on mutual protection of investments and abolition of double taxation are being negotiated.

An important factor in Poland's import possibilities will be bilateral access to guaranteed credit. Certain Western countries have declared their readiness to open access to credit and preference guarantees, viewing this as an effective form of promoting the process of the reforms and modernization of the Polish economy. The government will initiate processes serving to adapt the Polish economy to the unified European market that is to arise in 1993 [as published] owing to the transformation of the European Community.

Economic relations with CEMA countries will be developed. Work to introduce a system adapted to the economic changes occurring in these countries is under way. In view of the long-term agreements on the scope of commodity shipments and the system for clearing accounts among CEMA partners, mandatory until 1990, a radical change in the system for cooperation will occur only after 1990 and this year trade based on traditional principles will continue to predominate. Nevertheless, there will be some curtailment of the barter trade based on trade protocols—which are in the nature of obligatory, guaranteed government agreements—as regards goods of basic importance to the economy. The scope of barter trade implemented directly between enterprises will expand.

### 3. Social Policy in the Presence of Economic Stabilization

The present condition of the economy, the requirements of the stabilization process, and the new conditions to be created by the ongoing change in the economic system, require major changes in the modes of the pursuit of social policies. The tasks and obligations of the state in

this field will be implemented in new economic conditions that necessitate major budgetary cutbacks. Hence, social policy requires measures consisting in:

- Identification of the principal domains of government action corresponding to the new conditions.
- Restructuring the mechanisms for implementing social services in accordance with effectiveness criteria.
- Creation and utilization of new funding sources and new instruments for promoting social goals on the basis of market-system institutions and a democratic organization of social life.

The principal task of the state's social policy in 1990 will be to assure a social security minimum; this means mainly creating a system for the social protection of the economically weakest groups.

### Protection and Assistance for Temporarily Unemployed Persons

The following forms of assistance are envisaged:

- Organization of vocational training or retraining of the unemployed.
- Organization of public work projects.
- Creation of more jobs.
- Disbursement of severance pay and unemployment benefits.
- Provision of financial assistance for new businesses.

The funding source for the expenditures relating to protection of the unemployed will be the Labor Fund, subsidized with, among other things, contributions from workplaces and the state budget.

During the occupational training or retraining period the unemployed will be eligible for training allowances. The size of these allowances will vary:

- (For the unemployed) 80 percent of their last monthly wage.
- (For persons without previous work experience) 40 percent of the average wage paid in the socialized sector.

Occupational training or retraining should last no longer than 6 months or, in cases warranted by the training program, 12 months.

In addition, the Labor Fund will grant loans to workplaces for creating more jobs.

As for unemployment benefits, they will be paid to persons who do not receive a suitable job offer, retraining offer, assignment to a public work project, or assignment to a newly created job vacancy, within 7 days



from the date they register. The size of these benefits will depend on the length of unemployment, i.e.:

- During the first 3 months of unemployment the benefits paid will equal 70 percent of the applicant's last wage.
- During the next 6 months, 50 percent of that wage.
- After 9 months, 40 percent of that wage.

Persons close to retirement age who are laid off by their workplaces will be eligible for benefits equivalent to 75 percent of their last wage. All persons in this category will be entitled to a severance pay equal to one month's wages, to be paid by the workplace which laid them off.

Unemployment benefits must not be lower than the minimum wage and shall not exceed the average wage in the socialized sector.

Persons receiving training allowances and unemployment benefits are eligible, on the same principles as those applying to employed persons, for family allowances and the services of public health care centers.

Persons which express the desire to start their own businesses will be eligible for loans from the Labor Fund in the amount of 20 times the average [monthly] wage paid in the socialized sector. One-half of such loans would be subject to a write-off, provided that the business is carried on for 24 months.

#### **Pension and Annuity Payments**

In 1990 the quarterly revaluation of pension and annuity payments, initiated in the second half of 1989, will be continued. The revaluation will be performed once every quarter of the year and comprise all such payments granted before the date of the revaluation; thus, the period of waiting for the first revaluation does not exceed 3 months. The scale of the revaluation will hinge on the expected wage increases in the socialized sector during the successive quarterly periods. This should dispense with the need for emergency measures, such as existed in 1989.

The rules for determining minimum pension and annuity payments will also be changed. Until now a decree has specified these minimum payments to be at the level of 90 percent of the minimum wage paid in the socialized sector. It is proposed that in 1990 the minimum pension and annuity payments be equal to 35 percent of the average wage paid in the socialized sector. This will make possible an automatic increase in these payments in measure with the growth in average wage, and as such it is a more favorable solution.

The increases in minimum pension and annuity payments will automatically entail a revaluation of the corresponding payments made to private farmers on basically the same principles. The other elements of the pension and annuity payments to private farmers will be

revalued within the same time periods and to the same extent as the payments to workers.

In 1990 the rules for the payment of social security premiums by private farmers will change. Until now, two-thirds of the expenditures from the Farmers' Social Security Fund has had to be defrayed from the state budget and one-third from premiums paid by farmers, but, in the future, subsidies from the state budget will be used mainly to defray:

- Expenditures on all basic pension and annuity payments to farmers (corresponding to minimum pensions and annuities).
- The entirety of the expenditures on the pensions and annuities granted to farmers who deed their farms to the state.
- Family and other allowances added to pensions and annuities.

It is estimated that, given such rules, the budget subsidy will have to cover about 82 percent of expenditures of the Fund. The remaining expenditures will be offset by payments of premiums by farmers.

#### **Other Social Service Payments**

As of 1990 rules for a parametric dertermination of the size of family allowances will be introduced. That size will be equal to 8-10 percent of the average wage paid in the socialized sector.

A major and still unregulated problem is the subsector allowances ensuing from previous collective bargaining agreements, subsector employee cards, and other legal acts. Mostly they are in-kind allowances or their equivalents. These subsector allowances often are a major burden on the economy and a source of incessant social conflict, because they unjustifiably differentiate among employees of discrete subsectors. In 1990 radical changes will take place in the traditional principles of the remuneration of workers. These changes will consist in:

- The abolition, on a specified day, of all powers to issue gratis—on the basis of previous regulations—all kinds of goods and services or pay their monetary equivalent.
- A corresponding increase in the remuneration of employees, within the limits of the funds gained by abolishing the right to pay in-kind or monetary allowances.

There will be an increase in pay deductions for the plant social services fund and the plant housing fund for pensioners, annuitants, and persons holding onerous jobs. The possibility of using these funds to provide individual material or financial assistance will be introduced, along with the adaptation of the scope and forms of allowances to individual needs. The new principles for forming and managing the plant social services fund should be combined with a show of concern by worker

self-governments and trade unions for allocating the related monies mainly to the worst situated persons.

Care for the persons most affected by the side effects of the implementation of the economic program (persons living mainly off welfare payments, large families, incapacitated persons) cannot be solely limited to tasks and functions of the government. The social assistance system will be reformed so as to assure improved linkages between its agencies and local governments, eliminate mediating structures, and promote the autonomy of local welfare bodies. There also exists a need for organizing national and local charitable activities performed by already existing social and youth organizations, church and lay organizations, etc. The government will support and facilitate these activities in various ways. Emergency assistance will be provided from the SOS Fund.

#### **Subsidies for Selected Goods and Services**

Allaying the pain of inflation to households is to be promoted by the government's retention of subsidies for several staple foodstuffs. These subsidies will equalize the difference between the prices of raw materials and the market prices of these products, and they are intended to stabilize the retail prices of milk, cottage cheese, and rye bread. However, an alternative and socially more equitable solution is being considered, namely, shifting these subsidies to aid for the poorest social groups. Also allaying the pain of the stabilization program to households will be the retention, though to a limited extent, of subsidies for municipal services and housing as well as of passenger-transit tariffs.

#### **Health and Education**

Given the limited possibilities of the state budget, funds should be focused on two domains essential to the life of the society: education and health service. These domains, financed from local budgets, will be supported in various forms with funds from the central budget: in the form of subsidies transmitted to local governments as well as in the form of the direct funding of the operation and growth of particular local institutions, e.g., higher schools, clinical hospitals, and medical academies. A guideline for next year's policy on education and public health should be the prevention, at least, of any deterioration in the level and scope of their functioning.

Acting out of a concern for meeting the basic needs of health care, the government has resolved to continue government orders for the production of detergents, toilet articles, medicines, medical equipment, and protective work clothing and equipment.

Owing to the limited financial possibilities of the central budget, in 1990 expenditures on investments in budget services will be at the same level as this year. In such a situation it has been decided to give special priority to investments in health service. It is envisaged that, among other things, in 1990, 3,000 to 3,500 new hospital beds

and approximately 1,000 vacancies in social care homes [homes for the aged, children's homes, etc.] will be added.

Another domain requiring special concern of the government is education. Government orders for the manufacturers of products needed for the instructional process have been continued. At the same time, a provision is being made for budget subsidies for the investments in education whose completion is scheduled for 1990 and which create the foundations for improvements in quality of instruction. The budget provides financial support chiefly for the investment projects in final stages of completion, such as student dormitories, hostels for assistant lecturers, academic libraries, and teacher training colleges. Proposed for 1990 are, among other things, 3,600 additional premises for instruction at schools and 23,700 additional vacancies in preschools. The creation of financial-legal solutions serving to allocate part of publicly collected funds as well as foundation grants for sponsoring the educational investments being implemented by local authorities is being envisaged.

As for the central funding of cultural activities, this will derive chiefly from the Cultural Development Fund, which will receive 15.0 percent of the revenues from the wage tax.

In 1990 a comprehensive program for the reorganization and funding of the domain of health and education will begin to be developed. The principal problems requiring solutions concern the funding principles, especially the shares to be contributed separately by the central budget, the local budgets, extrabudgetary sources (special funds, foundations, etc.) and private individuals.

A major task will be to prepare a broad reform of the health care system, consisting in the:

—Introduction of health insurance.

—Enhancement of the organizational and economic autonomy of health-service units, streamlining of their financial management, and their linkage to local self-governments, social organizations, and charitable institutions.

Similar measures will be taken in the national educational system. In addition to curriculum revisions, the administration of the school system will be reorganized with the object of promoting its autonomy, eliminating bureaucratic excrescences, improving cooperation with local self-governments and the community, and streamlining the financial management of educational institutions.

#### **Construction and Housing Management**

The government has resolved to continue most of the traditional tax exemptions granted to promote the growth of housing construction. Combined with the growing interest of foreign capital in the production of building materials and products, this creates the hope that the situation will improve radically in this field.

At the same time, the financial system of housing management will be brought into order. The starting point for these changes will be a gradual reform of housing rents to set them at a level that would completely offset the cost of building maintenance. The radical increases in housing rents will be accompanied by measures to protect low-income families.

The rise of a housing market will be favored by changes in the system of construction loans, the growing share of private home construction, and the changes in building operations. These trends will be reinforced by legislative action—by liberalization of housing laws to facilitate sales of dwellings, liberalization of land use laws, and granting to local authorities the power to fix housing rents.

The implementation of these goals and the assignment to local self-governments of broad powers in the field of housing policy as well, will provide a major impetus for adapting the forms of construction and management of housing to local conditions and possibilities. This also means that the level of satisfaction of the housing demand will be largely made contingent on the resourcefulness and economic and organizational initiatives of local self-governments.

#### Protection of Environment and Natural Resources

Measures have been taken to strengthen the system for the management of environmental protection by endowing administrative services with suitable and up-to-date legal and economic instruments and introducing regular monitoring of the environment beginning with 1990.

The government has also decided to retain tax exemptions for investments in environmental protection. In view of the vastness of the arrears in this field, the available slender resources will have to be focused on the particularly urgent tasks.

It is expected that the requirements posed to environmental users most responsible for pollution will be tightened. At the same time, the adherence of new construction projects to environmental protection regulations will be closely monitored.

A substantial reduction in environmental pollution should occur owing to a reduction in the energy-intensiveness and materials-intensiveness at the enterprises exposed to the rigorous discipline of the marketplace. The restructuring of the economy will allow for both economic and ecological criteria. Meeting specific ecological requirements is also a precondition for the activation of most of the foreign loans and other forms of assistance offered to Poland.

As presented above the fundamental guidelines of the government's socioeconomic policy are based on tried and tested market solutions.

At same time they take into consideration the need to apply a state interventionism based on economic principles. This is reflected in both the creation of institutional conditions favorable to the growth of market relations and in the ongoing elimination of the attendant perils.

The economic program presupposes a package of measures to protect the economically weakest social groups. A substantial increase in the funding of social services and welfare assistance is envisaged.

This is undoubtedly an extremely difficult but necessary program. Any postponements of risky decisions, such as have taken place in the past, could nullify the chances for restoring the health of the Polish economy.

#### Metronex Director on Foreign Affairs, Technology Needs

90EP0254A Warsaw ZYCIE WARSZAWY in Polish  
7 Dec 89 p 3

[Interview with Andrzej Ziaja, general director of Metronex, by Zbigniew Siwik: "Selling in the Strategic Markets"; date and place not given]

[Text] [ZYCIE WARSZAWY] Two countries at present are of the greatest importance to the good of Poland: The Soviet Union and the GDR. It is precisely in these countries that Metronex does the most business and also wins the praise of its local partners for Polish technology and Polish specialists...

[Ziaja] The underlying strength of Metronex is the Soviet market. In the last few years we have become the largest Polish exporter of machines and equipment to the USSR. In 1989 our deliveries exceeded half a million rubles, and next year—just as each year—we will show a growth of several percent.

In the light of the results of Premier Mazowiecki's visit in the Soviet Union, the strategy of pushing the export of high technology to this country has proven to be correct. No surcharges, no subsidies, very little materials, very little energy, a lot of scientific and technical ideas, respect for customers, competition—thanks to an expanded service network—even for Western firms.

[ZYCIE WARSZAWY] Does the announced gradual transition from the settlement of accounts in transferable rubles to the settlement of accounts in foreign exchange, in turnovers with this country, constitute a threat to Metronex, depriving it of its bargaining chip—the availability of Polish computers—in its struggle with Western competitors, or will Metronex be able to take advantage of this to increase its own profits?

[Ziaja] In order to export high technology, especially in electronics, it is necessary to closely cooperate with the West and buy a great deal there. The introduction of accounts-settlement in foreign exchange will enable us to immediately recover the dollars invested in the development of the technology exported to the USSR. But of course this will require still greater effort in updating the

products and improving our entire service network, which appears to be our most important bargaining chip in the struggle with competition. This network extends from Kiev through Moscow to Odessa all the way to Novosibirsk. No Western firm has such a network there.

[ZYCIE WARSZAWY] Under the new situation, the role of the currency exchange rate will grow...

[Ziaja] Yes. The correct ratios of the zloty to the ruble and the dollar, and the ruble to the dollar, will determine the profitability of export to the USSR.

[ZYCIE WARSZAWY] The Soviet Union says that the exchange rates will be made realistic and that it is striving for currency convertibility...

[Ziaja] Convertibility of the currencies of CEMA countries is still a long way off. Right now the calculations and payments must be made in nonconvertible currencies but, of course, at exchange rates more realistic than today. Except that in Poland it is already not so bad, the ruble and dollar exchange rates, i.e., their ratios, are heading in the right direction. I estimate that if the uniform exchange rate of the dollar were to be 6,000 zlotys, then the ruble should cost about 2,000 zlotys, i.e., a 1:3 ratio of the dollar to the ruble.

[ZYCIE WARSZAWY] You were in Moscow while preparations were being made for the premier's visit....

[Ziaja] Good business always creates a better foundation for politics.

[ZYCIE WARSZAWY] This foreign exchange also fits very nicely into the role which Metronex is playing in the GDR.

The attempt to construct a stereotype of a primitive Pole trading GDR "wurst" in West Berlin and blaming this Pole for the lack of Western prosperity could be forgiven if my colleagues from BERLINER ZEITUNG, which is on friendly terms with ZYCIE WARSZAWY, went straight from the "Polish" bazaar in West Berlin to the "Polish" construction sites in their own country: Leipzig, Neubrandenburg, Karl-Marx-Stadt, etc.

[Ziaja] Indeed, in the GDR Metronex has hundreds of highly skilled workers employed on the construction of dozens of industrial plants. We sell computers to the USSR and in the GDR we sell complete automation for production and energy processes. We install computer controls for large electric and heat generating plants and power plants (including the atomic power plant in the town of Lubmin), entire chemical works, e.g., the famous ORWO plants. This year we completed contracts totaling 35 million transferable rubles. But what is most important is that we have practically no competition on this market. Western automation for GDR industry definitely does not work and no CEMA country can compare with Metronex in modernization ventures or the installation of complete automated control systems in new plants.

And just as in the Soviet Union, we have a service network which is able to react quickly at all of the facilities which we installed.

[ZYCIE WARSZAWY] And just as in the Soviet Union, the Poles from Metronex are regarded as the elite on every construction job and it is they who bring in the newest technologies and the best work organization?

[Ziaja] That is how it really is. You yourself had the opportunity to see this with your own eyes and to talk with our German colleagues. The directors of the GDR plants respect our employees, appreciate their skill and their on-schedule work completion. We simply realize (and I have made no secret of it, for a long time now) that when the time comes that these countries come closer together, and thus the GDR and FRG markets themselves...

[ZYCIE WARSZAWY] You are avoiding the word "unification"?...

[Ziaja] Some day we will probably be using it, but recent events and emotions have shown that it would be too bad if we had to begin using it right now. But this is a matter for the politicians...

In the FRG, in Dusseldorf, we opened up a branch of Metronex, normally, according to German law...

[ZYCIE WARSZAWY] In the purely legal sense this is an ordinary German firm?

[Ziaja] Yes. We pay taxes into the state treasury of the FRG and have all of the rights to normal business operations.

[ZYCIE WARSZAWY] And you have an account in a German bank?

[Ziaja] Yes, of course. This has brought excellent results: From an export of approximately 12 million marks, next year we will already reach the figure of over 20 million DM.

The fact that Dusseldorf is linked to Warsaw by an agreement of cooperation has helped us a great deal. This is very important to our firm because whatever we may think about a future German or European market, today's presence in the FRG gives us a solid base.

[ZYCIE WARSZAWY] And already today it can add to your prestige in the GDR...

[Ziaja] ...To our firm, of course.

[ZYCIE WARSZAWY] Therefore, Poland, Polish enterprises, should be more visible in the FRG now...

[Ziaja] Oh, it would be very difficult, with the present condition of the Polish economy as it is, to meet the requirements of a West German market, which is so excellent and so technologically and organizationally modern.



And yet there is a certain "philosophy" of doing business by Polish enterprises on such demanding markets as the West European ones. Even in the field of electronics. The philosophy consists of finding on these markets a certain commodity niche, i.e., specific commodities or even certain branches of industry, which the Western countries (in their race for the absolutely latest and ecologically cleanest technologies) are abandoning. As, for example, the English have stopped manufacturing television sets....

[ZYCIE WARSZAWY] Part of the market has been taken over by the South Korean Samsung assembly plants...

[Ziaja] ...and part by Metronex. This year we exported 100,000 television sets and computer monitors to that market, produced by shareholders in our company: the Gdansk Unimor and the Warsaw Television Plant (WZT).

After the FRG, England is our No 2 market in Western Europe.... We recently formed the Metron company there. It has earned \$7 million.

[ZYCIE WARSZAWY] ...which is already half of what you will be reaching in the FRG?

[Ziaja] Yes. We were able to achieve this so quickly because we are staying with the products which modern civilization needs in infinite quantities. We are supplying the well-known firm Rank Xerox with paper and housings for Xerox copy machines, and in Poland we are selling them copy machines and telefaxes.

[ZYCIE WARSZAWY] Many years ago you established in the United States, where Polish goods are really nonexistent, a company with your Polish competitor Unitra. At one time there was an administrative prohibition against two Polish enterprises competing on the same market.

[Ziaja] On a foreign market. Poles should come to agreement among themselves. If only to form companies such as our Unitronex, which is selling, for \$4 million, mainly automation, pressure gauges, and typewriters. But people, too, can be sold, i.e., their design ideas. A group of Polish designers of automobile bodies, who used computers in their design work and who at one time worked for Volkswagen and Mercedes, moved to Detroit and are now designing for American automobile manufacturers. We can conduct such unusual transactions due to the liberalization in our foreign trade. Please believe me, since strict specialization of export was eliminated, much more can be sold, and much more quickly. That is why our export to both payments areas [convertible currency and nonconvertible currency] has grown each year by several percent. This year Metronex's exports to the West amounted to over \$36 million. But I have great hopes in the statements made by minister Swiecicki, that almost all licenses in foreign trade will be done away with. And then, staying with electronics, we have a chance to obtain new markets and sell new goods.

### Premier's Adviser on Trade, Fuel Discussions With Soviets

90EP0254C Warsaw GAZETA WYBORCZA in Polish  
1-3 Dec 89 pp 4-5

[Interview with Waldemar Kuczynski, under secretary of state, Office of the Council of Ministers, and chief adviser to the premier, by Danuta Zagrodzka: "In a Businesslike Atmosphere"; date and place not given]

[Text] [GAZETA WYBORCZA] You took part in the historic visit [refers to Premier Mazowiecki's 23 November visit to Moscow]. As we wrote in GAZETA WYBORCZA, everything there was important, but I would like to ask you about some economic matters, even though they did not head the list.

[Kuczynski] Yes, economic matters were important, but not foremost.

[GAZETA WYBORCZA] How, then, were Polish expectations met?

[Kuczynski] None of the problems were as definitively settled as we might have wished. But neither were any of our demands rejected. Some matters remained open and in certain others we made some progress.

There were three basic problems: How we want to trade among ourselves, what will deliveries of raw materials be during the period 1991-95, and what will happen with our debt to the USSR. In addition, there were some smaller matters, such as the price of gas this year, deliveries of energy from the Soviet Union and deliveries of our ships to it.

[GAZETA WYBORCZA] So, how will we be trading?

[Kuczynski] Premier Ryzhkov said that commodity exchange would be changed to trade and that is the essence of things. So far this reminds me of the exchange conducted by primitive tribes in a forest glade: You give me a bow and in exchange I will give you a spear. True, this is taking place in 20th century buildings, but that is the substance of it. Both sides are unsatisfied, but each side sees the solution somewhat differently. We are emphasizing direct trade between enterprises, without intermediaries, and with settlement of accounts according to an objectively fixed rate of exchange. Naturally, this is a long-term process, because it will take time for enterprises to become truly self-dependent and for a market to form. The Soviet Union, on the other hand, attaches great importance to the accounts-settlement problem. It would like to go from rubles to dollars quickly, while the present method of exchange is still in effect.

We cannot agree to this because at today's structure of turnovers, we would be the losers.

[GAZETA WYBORCZA] How will we solve this problem?



[Kuczynski] A mixed working group is to be formed which will try to arrive at a joint position. The USSR would like the change in accounts-settlement to take place immediately after 1990, and we would not like it to happen until after 1995.

[GAZETA WYBORCZA] And what about raw materials and fuels? The answer to this question interests literally everyone.

[Kuczynski] We will receive the same amounts as during the period 1986-90—the earlier decision was affirmed.

[GAZETA WYBORCZA] Will we be happy with this?

[Kuczynski] The USSR introduced a new rule for payment of deliveries. Previously, we received fuels and raw materials on the same basis as other commodities. Now the Soviet Union demands a separate "basket" of commodities, of a structure established in advance, in return for them. Where formerly in our total deliveries 58 percent constituted machines and 22 percent was consumer goods, now in paying for raw materials and fuels there would be only 18 percent machines, and 45 percent consumer goods. We accepted this rule, except that we cannot give this much in market commodities. We would like to pay part of the price for petroleum with construction services. This remained for negotiation.

[GAZETA WYBORCZA] But wouldn't we like to get more petroleum?

[Kuczynski] Yes, but we could not get an affirmative reply immediately to our request. The Soviet Union has its own problems and we do not know whether it will be able to sell us more.

[GAZETA WYBORCZA] And what about gas? Is there some kind of problem here, too?

[Kuczynski] A difference in the interpretation of former agreements has appeared. We know that the previous governments made agreements, on the strength of which Poland is investing in the Soviet Union in order to have ensured access to raw materials. In the case of petroleum, we are investing in order to maintain the size of these deliveries. As to gas, we believe that investments were supposed to increase deliveries above the present level. For us this is very important. Towards the end of the negotiations the Soviet side seemed to stop insisting on its interpretation and the talks shifted in the direction of consideration as to whether they could give more.

[GAZETA WYBORCZA] And can they?

[Kuczynski] It is hard to say, but we are hoping for an affirmative reply.

[GAZETA WYBORCZA] And what about the debt?

[Kuczynski] It amounts to over 5 million rubles. This came about as the result of the petroleum crisis, when the Soviet prices of petroleum rose greatly, although belatedly it is true. In 1988 installment payments were

deferred to after 1995, but we are paying interest. We would like to have that deferred also. Our dollar debt, \$1.5 billion, was deferred until 1998, but the interest rate set is higher than in similar agreements with the West. Therefore, we have asked that the interest rate be the same as we are paying to the West and that interest payments be deferred until after 1992. In principle, the Soviet Union goes along with this but it cannot give up the coal with which we are paying all of the interest (1.5 million tons).

[GAZETA WYBORCZA] What about deliveries of ships?

[Kuczynski] We would like to revoke the contract signed quite long ago for the construction of five fishing vessels and a few other units, because in view of the closing of the Gdansk Shipyard by the Rakowski government, we do not have the technical conditions to fulfill it. The Soviet Union does not agree to this. If we do not give them these vessels, the USSR can place a dollar value on the contract and subtract this from their deliveries of raw materials and fuels.

[GAZETA WYBORCZA] What do we say to that?

[Kuczynski] We are the party at fault. It is not we who liquidated the shipyard, but we accepted the benefit of the inventory. We are counting on the goodwill of the Soviet side.

[GAZETA WYBORCZA] In summing up, are you satisfied with these talks?

[Kuczynski] We cannot answer categorically. These were the first talks. The situation on both sides is difficult because both the Polish economy and the Soviet economy are in crisis, although perhaps in different stages of crisis. We are probably better prepared to come out of it. In their country, it is deepening. The USSR is a wealthy country, but it has an explosion of urgent problems.

[GAZETA WYBORCZA] And what was the atmosphere of the economic talks?

[Kuczynski] I would say that it was businesslike. That is, there were moments of sharp exchange, but there was an obvious attempt at mutual understanding and a solution. Each side is right in some respects, and each has its sins, but we tried not to make it difficult for each other. The talks were quite tough. The Polish side was not a supplicant. We defended Polish interests but remembered the future. The Soviet Union is our great supplier and client. The object is to jointly create a situation in which both sides do all kinds of business with each other and make large profits.

**Planning Office Clarifies Soviet Gas Supply Terms***90EP0253B Warsaw RZECZPOSPOLITA in Polish  
8 Dec 89 p 2*

[PAP article: "More Gas: A Statement by Stanislaw Dlugosz"]

[Text] During the Moscow meeting of representatives of the states-sides of the Warsaw Pact, USSR premier Nikolai Ryzhkov spoke of once again giving a thorough analysis of the potential for increasing deliveries of natural gas to Poland in the coming five-year period. A PAP journalist turned to the undersecretary of state in the Central Office of Planning, Stanislaw Dlugosz, for a statement on this issue.

During the November talks held between Premier Tadeusz Mazowiecki and Premier Nikolai Ryzhkov, S. Dlugosz stated that one problem that was discussed was that of continuing the mutual deliveries of basic fuels and raw and other materials at the level of the current five-year period during the 1991-95 period. The premiers concurred on this issue, with the exception of the question of the volume of deliveries of natural gas to Poland from the USSR. The problem remained an open one in this sense, that the Polish side is expressing a valid demand, according to which we should receive about 11 billion cubic meters of natural gas beyond the volume of natural gas deliveries implemented from 1986 to 1990 (approximately 40 billion cubic meters). Our position emanates from the fact that, in accordance with the proposals of the Soviet side, we are participating in the construction of a gas pipe line that runs from the deposits beyond the Urals to the western border of the USSR. The financial terms of our participation in this venture adopted in a 1987 bilateral agreement are quite complex, a point which further justifies our demand.

During talks between Premier Mazowiecki and Premier Ryzhkov held on 4 December 1989, Mr Ryzhkov stated that the Soviet side is prepared to make again a thorough analysis of the Polish demand. At the same time, he informed Premier Mazowiecki regarding the readiness to increase gas deliveries by 2.5 billion cubic meters during the period 1991-95. This will meet our expectations only in part. At the same time (and I would like to emphasize this) Premier Ryzhkov stated that this does not dot the "i" but is merely the beginning of dialogue. It seems to me that this is a good indication that a compromise will be found on this issue. This is particularly true since the Soviet side has confirmed that for next year it is prepared to supply Poland with 500 million cubic meters of gas beyond the obligatory agreement.

**Polish Investment in Coal-Processing Plant in China Noted***90EP0245C Warsaw TRYBUNA LUDU in Polish  
21 Nov 89 p 4*

[Article by Krystyna Szelestowska: "Largest Polish Investment in China"]

[Text] Peking (from our permanent correspondent)—Near the town of Tangshan, which had a brush with an earthquake in 1976, the Qian-Xia-Ying coal-processing

plant was signed over for use. The plant has an annual processing capacity of 4 million tons of coal and is Poland's largest investment in China completed in the 1980's.

Construction chief Jerzy Broda says that the first construction work began in November, 1985. On the Polish side, Poimac Mining Mechanization Company supplied about 13,000 tons of steel components, machinery, equipment, electrical installations, and automation equipment. Twelve Polish specialists are handling the work related to getting the plant going and getting the technology up and running, actually just now.

The mobilization of this investment, so important to the economy, was the occasion for talks concerning the past 3 decades of Polish-Chinese mining and coal-processing cooperation, which has been developing nicely. China is the world's second largest coal producer. Last year 970 million tons of black coal was extracted, and the target for the year 2000 is 1.4 billion tons. Annual increases in extraction are projected at 40 million tons. This means building at least 50 new mines each year, as well as expanding and modernizing plants already in operation. This creates great possibilities for Polish equipment exporters.

Moreover, China, with its tremendous resources, is preparing to expand coal exports, just as Poland is losing its position as a supplier to world markets. A Polish-Chinese company could therefore be created to take advantage of Poland's equipment and experience to export coal, a venture in which both countries would benefit.

**Ministry of Industry Studies Coal Industry Restructuring Plans***90EP0245B Warsaw RZECZPOSPOLITA in Polish  
30 Nov 89 p 3*

[Article by kraj: "Who Will Withdraw From the Anthracite Coal Association? The First Step Toward Autonomy"]

[Text] The restructuring of the coal industry is really taking shape. Work at the Ministry of Industry has clearly accelerated on the proposed legislative changes. There is a growing sheaf of rules to be cancelled, legal regulations considered superfluous. It is already common knowledge that the next session of the Economic Commission of the Council of Ministers will receive a draft of a Council of Ministers directive to close the coal extraction enterprises effective 31 December of this year.

The preparations for autonomy are being expedited in the mines too. Each day the minister receives a continuous stream of proposals in the mail from mines and firms working in close cooperation with the mining

industry. According to Docent Jan Maciejka, the minister's plenipotentiary, a few of the programs presented for drastic, economical transformation of the mines require no major changes. Local work on mine autonomy is furthest along at the Jakowice, Piast, and Manifest Lipcowy mines.

People at the ministry conjecture that the first mines and enterprises to be released will be those in the Anthracite Coal Association on the threshold of the new year. Such a move is possible, even if the Sejm does not amend the association law. The mines would gain their autonomy through a directive by the chairman of the Council of Ministers.

Practical arrangements for generally transforming the mining industry and breaking up the monolithic structure will begin on 6 December. The Minister of Industry will be inviting to Katowice the management teams and the representatives of the trade unions and self-governing bodies from those mines and enterprises which after study have been designated to be the first to withdraw from the coal association. The roll of candidates for autonomy lists a total of 23 mines employing 180,000 people and supplying more than half the coal extracted in the country, along with another 15 enterprises associated with mining which have been added to it. It is worth noting that 18 mines were initially projected for autonomy in the original ministry analysis. Then five others were added at their own request.

The plan is for the mine and enterprise representatives to come into contact with the twists and turns of independent economic existence for the first time right in Katowice. The meeting is to be part training, where experts will let their students in on economic, law, and management secrets.

In Katowice the minister's plenipotentiaries are also to begin "associating" with mine and plant representatives. The Minister of Industry has promised consistency in respecting the precepts of grass-roots self-determination and in avoiding decisionmaking from on high. This principle also applies to the selection of a plenipotentiary, a decision which will depend on the parties involved. There will be more than the 35 candidates needed coming to Katowice. By and large these will be people engaged in the practical aspects of managing and running enterprises who have extensive knowledge of the law and have been selected by the Minister of Industry from among the staff of the ministry, Spomasz, and the Machinery Industry Management Institute.

Short biographies of them will finally be presented publicly for the mines to get to know whom they are "choosing." In order to avoid any misunderstanding, we should mention that the plenipotentiaries are only there to advise and assist in drafting changes. The programs themselves must be formed at the bottom and be endorsed by all the employees.

### Potato Export, Production, Future Development Viewed

90EP0257A Warsaw RYNKI ZAGRANICZNE in Polish No 141, 25 Nov 89 p 3

[Article by Jerzy Rembeza and Jacek Chotowski: "Rising Potato Sales"]

[Excerpt] [Passage omitted]

### What Are Our Chances for Specialization?

The production of potatoes is extremely important in Polish agriculture. This shown by the fact that the share of potatoes in crops is many times larger than in other countries, the per capita harvest is large, and the share in total feed figures is large. Poland is responsible for approximately 13 percent of the world potato harvest. The use of these crops in Poland differs from that of other countries. It is used mostly as livestock feed. Marketable production, on the other hand, makes up scarcely 15 percent of the crops.

Despite a very large production, export has not played an important part in the total distribution of potatoes. Most years, less than 1 percent of the potato crop was exported. Exports began to drop drastically in the first half of the 1980's. In the last few years they have begun to increase slightly, nevertheless the size of export continues to be less than it could be.

The major portion of the export, over 90 percent, goes to the socialist countries. But deliveries to West European countries are very small, mainly due to difficulties in meeting their high quality requirements. Because Polish export of potatoes is less efficient, we obtain lower prices on the West European markets than do other exporters. For example, during 1981-84, the price of our seed-potatoes was 70 percent of the price obtained by France and 81 percent of that obtained by Holland. Furthermore, a large number of shipments from Poland are rejected by the importers.

It seems that the basic reason for the weakness of Polish export of potatoes is the absence of many years of consistent policy in this field. As a result, no close ties have been established between producers and exporters. Also, the technical infrastructure of export has not been adequately developed. The deficiencies in the entire procurement and sales system become especially apparent in the case of export.

Despite the shortcomings described, development and export appears to be possible and advisable. Poland has good natural and economic conditions for the expansion of production. That is why it is so important in our agriculture. The prices on the international potato market are shaped by producers with high production costs (Holland, France and the FRG). Therefore, this is a situation which is different from that of the grain market, for example, where prices are shaped by the growers (the United States, Canada, Australia and Argentina). That is why, despite the fact that we received

lower prices, the export of potatoes from Poland was, in most years, profitable. It is also to our favor that yield fluctuations in our country are not as wide as the fluctuations in the countries which are the largest exporters.

The establishing of closer cooperation with CEMA should be facilitated by the accessibility of products exported from Poland to the markets of the member countries. In the past, this accessibility was restricted by official quotas and export duties. But it should be noted that the quota figures were much higher than the actual amounts of potatoes exported from Poland to West European markets.

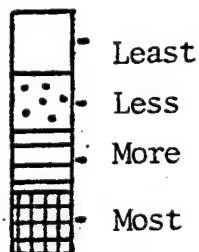
On the other hand, if duties were lowered, the effectiveness of export might improve. The development of export production requires coordinated endeavors connected with the organization of the regions of this production, expansion of the technical infrastructure and contacts with importers. The organizational units concerned with export should fulfill the role of integrator.

#### Which Regions Should Produce for Export?

The production of potatoes for export is a highly specialized field. Organizational and economic considerations dictate that it be concentrated in selected regions. Where production is developed should be based on where



Potential:



The voivodships according to the potential for potato export production. The numbers reflect the ordering of administrative units from the largest to the smallest potential.



marketable yield is highest. From the standpoint of export, the best regions appear to be those which have the highest yields and large total production, where domestic demand is low, and where the share of large farms is high. This last factor is connected with the need to obtain a good many uniform consignments of potatoes.

The largest potential for the development of export production is in the mideastern region of Poland, particularly in the Biala Podlaska, Bialystok, Lomza, Ciechanow and Siedlce voivodships. This region produces larger-than-average yields, total production is high with a large share of marketable produce, and the percentage of large farms is considerable. The additional advantage of this region is that it borders on the Soviet Union, which is our largest market for potatoes. On the other hand, its shortcoming is its poorly developed infrastructure.

Another good region is central Poland, especially the Kalisz and Sieradz voivodships. But they are close to large urban centers and potato industry plants. Hence, greater competition should be expected among units procuring potatoes.

Compared with the two regions described, conditions for the development of potato production for export are not as good in the northwestern voivodships in Poland. In these voivodships, marketable production is high, as are yields, and there is a considerable percentage of large farms, but total production is smaller due to a meager labor force and a high regional demand on the part of potato-industry plants.

In the remaining regions of Poland the potential for the development of export production is much smaller. In the southwestern voivodships of Poland this is due primarily to low production, high demand for both edible potatoes as well as commercial ones, and also much greater competition from other areas of production. On the other hand, voivodships in southeastern Poland contain a large number of very small scattered farms, potato yields are low, and marketable production is also small.

The past model for export of potatoes was not very efficient. It has been proven that all of the activities connected with this export should be conducted by the same institution. This would make it possible to organize a raw-materials base, take the requirements of different buyers into account, expand the technical infrastructure, etc.

Growth of export efficiency requires constant presence on foreign markets. However, large price fluctuations occur on these markets. Because of this, in some years the export of potatoes may not be very profitable, or not profitable at all. A similar effect can be caused by an extreme inflationary growth of procurement prices, when changes in the rate of the zloty in relation to foreign currencies do not keep pace. That is why institutions involved in the export of potatoes should deal both in the domestic market as well as in foreign markets, changing the proportions of the share of particular markets depending on needs.

## POLAND

**Feminist Group Representative Speaks on Relevant Issues**

90EP0236A Warsaw KONFRONTACJE in Polish  
No 11, Nov 89 p 16

[Interview with Bozena Uminska of the Polish Feminist Society, by Katarzyna Dolinska: "Silence Not Golden"; date and place not given]

[Text] [KONFRONTACJE] Is your feminist organization some sort of joke in the era of "pluralism," or is it something completely serious?

[Uminska] Everyone asks that. Our country is almost virgin territory in terms of feminist awareness, but this is a very important issue in the United States, in Western Europe, and recently in Hungary and the Soviet Union as well. The Warsaw organization, which has already registered as the Polish Feminist Association, has only a few members, but there are groups in Bydgoszcz, Poznan, and Krakow too. I think that this movement will expand in ever wider circles and gain visibility as time goes by. The women's liberation movement has made a tremendous contribution. A book has appeared in our country, a collection of articles by American women edited by Teresa Holowka, "Nikt nie rodzi sie kobieta" (Nobody Is Born a Woman). The question as to whether the issue is a serious one may be both justified and pointless at the same time in this situation. It's a question asked here, in Poland.

[KONFRONTACJE] Well, the symbol of the Polish-woman-as-Mother is still alive....

[Uminska] Socialism, which we have dealt with, thought right back at the beginning that it had taken care of the question of equal rights for women, that it had checked it off the list. But all the efforts were dictated solely by economic considerations. First, after the war, there was a shortage of men, so there was the slogan: "Women on tractors." During the 1960's the "independent and educated" status of women was proclaimed, and in that generation there was an obvious prevalence of women with college degrees. During the next decade the family model of two plus two was perpetuated. Parenting vacations were introduced (at that time only for mothers), and awards were given to mothers of large families. The onset of the 1980's saw the beginnings of a great crisis, and again we see a return to the family. Every few years women have been told alternately: "Liberate yourselves." "No, now stay at home." "Get out of the house, and write your doctoral thesis." "Go back to your children." But after all, it's not a question of telling her what she ought to want, only of making it possible for her to make her own decision about what she really does want.

[KONFRONTACJE] Would you ladies try to model your activity after the example of the League of Women?

[Uminska] I know several women working there, and they are sensible people, but, practically speaking, this organization is completely lifeless. It operates without concepts. It doesn't make any forceful moves. This came out during the draft of the antiabortion law. When I came across a press notice on the subject, we wrote to KOBIETA I ZYCIE in protest. It was supposed to appear as a separate article, but it wound up in the letters-to-the-editor section. Besides that, we went to the League of Women to tell them what was going on. We encouraged them to act. It took them 2 months to react. This organization might have a lot of good will, but it certainly doesn't have any idea of what to suggest to women. The same happens with the women's magazines, for example. PANI recently appeared. This magazine clearly supports the common model of a woman, a terrible characterization which feminists have constantly been trying to counteract.

[KONFRONTACJE] What sort of characterization?

[Uminska] Because party discipline is fortunately not in effect here, I am speaking for myself. The association is geared to principles like those of most feminist groups: We have obligations. We don't have functions. There is no chair, no deputy. There is just a treasurer, with nothing to do at the moment.

Now, what sort of subjects appeared in PANI? Sewing, cooking, cosmetics, talks about jealousy and unfaithfulness in marriage, gardens, pregnancy. Women are interested in what they are doing.

[KONFRONTACJE] But maybe these things really do interest them.

[Uminska] They really may, but not just these things alone. And if some woman is doing something else, it looks as though she is the exception which proves the rule. This is a fantastic way of thinking. It rejects all the possibilities for the exceptions to be along the lines of a different model or to become the basic principles of private needs. The very reason that I'm in a feminist organization is that it tries to point out the absence of any critical perspective in popular convictions. It supports the human individual's personal way of thinking. As a woman, I don't want to be caught up in a net with just a kitchen, some plants, children, and a home. I want to be taken for myself as I am.

[KONFRONTACJE] If women want self-realization outside the home, after all, nobody is going to interfere.

[Uminska] But it's probably not coincidental that in Poland both sexes are represented equally in certain institutions up to a certain level, but where the real power begins, the balanced ratios disappear. Please observe that there was just one woman on the government side of the roundtable. Now in the government there are two. If some woman wants to have what we call a "career," then she'll have it, but she has to overcome far more difficulties, work according to the principles of a harsh struggle attributed to men, and be twice as good,

and it's rare for people to be born gifted with such energetic potential. She has to use part of that energy to persuade her husband, to overcome the resistance of colleagues at work, and to overcome the resistance she finds in herself, because she was brought up to accept certain convictions about her sex as obvious fact. This is the crux of the answer to the question of whether feminism is needed in Poland. I think that it is absolutely essential, as a force to shatter the stereotypes which have penetrated our consciousness so deeply that we don't even notice them. It's not women we need to address advice to on how to make a ball gown out of a sack but both sexes. We looked at the draft of a German antidiscrimination law which said that all areas of public and social life should have 50 percent women and 50 percent men.

[KONFRONTACJE] And what do you do, if there's a shortage, bring in more using force?

[Uminska] I myself have doubts. But wouldn't it be sensible for a child in preschool, where half the day is spent, to have both men and women working there? The models don't permit both men and women to undertake certain tasks. Not every male who has put on the armor of a hard individual pushing his way up is going to go to nursing school, even if he wanted to. Then there are the frustrations. A girl is brought up being told: "Be nice." Later people say: "A woman is a poisonous snake." But how is she to give vent to her stifled aggression?

[KONFRONTACJE] This sort of education and thinking have been operating that way for centuries.

[Uminska] That's true. Compared to millennia, we have 70 years so far where women have a different situation in the civil sense. Women had always been punished by the law, if they committed an act defined as a political offense, way before they gained political rights. Equal rights only sanctioned the condition which had already been in existence to some extent. The problem lies in the fact that general awareness hasn't budged, although the fact has occurred. So this is only partial emancipation. Actually, equal rights also means dividing up household responsibilities. Today what a woman does at home isn't considered work, but it's real drudgery, after all.

[KONFRONTACJE] How can this be changed? What methods can be used to alter this mentality?

[Uminska] The methods of reaching human awareness. Social changes are possible in a rich country, so we don't have anything to talk about. Our association can't do very much for the moment. We are writing articles and translating books. In 1986 our group, part of it still operating informally, got up a great review called "Women's Cinema" at the Hybrydy club in Warsaw. In the future we want to work at least for a change in the stereotype inflicted on children from their first readers. Daddy works. Mama plays with the children. Daddy sits with his newspaper. Mama works in the kitchen. These differences in upbringing are obvious from infancy. Parents give boys greater physical distance. Later, for

example, they don't pay much attention to how their son is dressed. He himself soon begins to neglect his appearance. That's why there are so few well-groomed men in our country. When we enter a home where there is a mess we never think that the host is slovenly, only that the woman of the house didn't tidy up. We accept numerous current facts. We can equally well accept the saying "Silence is golden," although I don't know why, because it depends on the issue.

[KONFRONTACJE] Will men set up a "masculinist" organization someday? What do you think?

[Uminska] I'm not claiming that women are perfect. I'm just saying that I meet various sorts of women. I'm not a feminist because I think we are the crown of creation. In the West during the 1960's, there was a current you could call revindication, but it hasn't been of any significance for a long time now. And just because feminist groups are springing up doesn't mean that now the tables will be turned and women will be the better part of society. For the moment men aren't going to be founding liberation movements, because they are after all the dominant sex. Their position is better, and their models are drawn more broadly. For people aware of what feminists really want, feminism creates an opportunity for both women and men. The goal is this: To get to a point where there is a transformation of people's consciousness, for the important thing to be not the different models inflicted on the two sexes, but the chief individual human characteristics. They are sufficiently diverse for life to be full of turmoil, change, misfortune, and happiness. Only then will life be genuine.

### Statistics Office Reports Growing Poverty Among Elderly, Retirees

90EP0278A Warsaw TRYBUNA LUDU in Polish  
20 Dec 89 pp 1-2

[Article by Bozena Jastrzebska: "How Do Senior Citizens Live? The GUS Paints a Drastic Picture"]

[Text] We consider it axiomatic that the elderly, especially pensioners and annuitants, are worse off. But how much worse off compared with what criterion? Further, how should aid for the needy be organized? Answers to such questions, which should provide the basis for pursuing an effectual social policy, unfortunately are incomplete, fragmentary, and often generalized.

Some light on this problem is shed by the GUS [Central Office of Statistics], which has performed a series of studies of the living standards of persons "after sixty." The principal conclusion is that, compared with 1985, the situation of senior citizens has drastically deteriorated. Their living standards declined more gravely, and their social isolation is greater.

The largest group of senior citizens consists of persons managing a household together with their spouses; every fifth senior citizen is completely alone. Like years ago, entitlements and benefits are of little importance as a

source of income. In addition, the percentage of persons who view their personal health as poor or very poor has increased; this assessment is influenced not only by a poorer physical condition but also by a poor mental condition due to, e.g., loneliness. Somewhat more than every fourth person has been classified as disabled (26 percent). Four years ago the proportion of the legally disabled among the elderly was lower, amounting to 20.6 percent.

The polled senior citizens specified the things they most often lack, and which essentially reflect their living conditions. Thus, a majority lacks money, especially for basic necessities. The lonely senior citizens find it most difficult to live, but the others are not far behind. Only 3.1 percent of the respondents, many fewer than 4 years ago (when the proportion was 4.6 percent) declared that they have enough money for everything without any special saving. Every fifth respondent admitted that he has only enough funds for the cheapest food and clothing, and 8.7 percent declared that they no longer had enough funds for clothing.

But money is not the only thing lacking. One-half of the respondents admitted that they feel insecure about the present and the future. Every fifth elderly person feels lack of closer contact with children as well as lack of love and warmth from loved ones, and also lack of regular assistance in quotidian life. It turns out in this connection that nowadays children are less willing to assist their elderly parents. Compared with 1985, the number of such elderly persons has increased.

When provided, the assistance is most often limited to guardianship and nursing activities. The amount of financial and material assistance from children has decreased, which of a certainty is linked to the more difficult general material situation. But what is more strange, the extent of assistance from institutions and social organizations, as well as from relatives and acquaintances living abroad, also has declined. Previously, such assistance had been received by 19.3 percent of the elderly, but now it has dropped to 12.1 percent.

Among the institutions providing the greatest assistance to the needy, workplaces come first: 4 years ago 9.4 percent of the respondents availed themselves of their assistance, whereas now the proportion is 17.4 percent. On the other hand, assistance from social institutions such as the PKPS [Polish Social Assistance Committee] and the PCK [Polish Red Cross] as well as from social workers, public guardians, and religious organizations, has declined.

The material situation and social status of this numerous and constantly growing group is deteriorating. It has never been good, but especially this year their pauperization has grown. While the enthusiasm and energy of Minister J. Kuron in organizing various forms of assistance for the neediest are to be appreciated, it has to be pointed out that they are provisional in nature and do not solve the basic living and social problems of the

elderly. Yet the decree on social assistance is still in the discussion stage, and as for an integral reform of social policy, that seems to have sunk into oblivion.

### Provincial Social Assistance Groups Step Up Activities To Aid Needy

90EP0278B Warsaw RZECZPOSPOLITA in Polish  
20 Dec 89 pp 1, 3

[Compiled by (bw): "No One Is Alone," under the rubric "Everyday Solidarity—Reports From RZECZPOSPOLITA Correspondents"]

[Text] How will we live next year? This disturbing question is being asked nowadays by many people. From the discussions at government sessions and in the Sejm, and from press reports, it is known that next year will be a very difficult one. It will be a year of marked price increases and low incomes. How will those who find living hard even now be able to manage at all next year? This refers to poor, lonely, and helpless people, people who need help.

This help may not come from Warsaw. It should be organized locally in the communities in which the needy live. Even now this help is being provided by the institutions established for this purpose, social and charitable organizations, and private individuals as well—by all those who desire to help others.

KOSZALIN: In this city there are three soup kitchens—at the Polish Social Assistance Committee [PKPS], at the Swit Bar, and in the Cathedral of the Holy Virgin. Each provides about 100 soup servings daily. The PKPS and the Cathedral are provided with soup by the Koszalin Meat Plants. Bread is bought by the church. The sponsors and organizers are ready to expand their help. (rom)

POZNAN: Free soup is provided by several of the city's [milk] bars. The funds and food for meals for the poor are supplied by workplaces, artisans, and private individuals. The City Hall has donated 3 million zlotys to the Polish Red Cross. Bakers and butchers provide free bread and cured meats. In addition, meals for 180 children from poorest families have been purchased. They will be distributed at schools of the city and voivodship of Poznan. (lem)

BYDGOSZCZ: In Bydgoszcz Voivodship the number of applicants for aid has recently risen to 35,000 from 27,000. To help them, the Voivodship People's Council allocated 400 million zlotys. Ten million was assigned for free meals at 10 milk bars. For the new year it is expected that 1 billion zlotys will be allocated for this purpose. (jar)

In Tuchola was formed a taskforce of men of goodwill which includes representatives of various institutions, social organizations, and the Catholic Church. Its purpose is to coordinate activities relating to the provision of social assistance to the neediest. Help is already being



given: 110 persons will receive holiday parcels; 70 lonely denizens of the city will sit together at a common Christmas Supper table.

**RADOM:** Of the population of Radom Voivodship 13.5 percent are persons of advanced age and 20 percent of these require public support. One thousand and seven hundred persons receive no old-age pensions or annuities; all they receive is a regular allowance granted by the Department of Health and Social Care under the Voivodship Administration. That allowance amounts to 90 percent of the minimum old-age pension. The Polish Red Cross operates 25 low-cost soup kitchens. In Radom City low-cost soup is distributed at milk bars, while in the countryside of the voivodship it is most often distributed at school canteens. A clothing collection drive under the aegis of the PKPS is under way. In Radom City, Ilza, Przysusza, and Skaryszew the PKPS is organizing Christmas suppers for the lonely. (jag)

**KATOWICE:** The budget of Katowice Voivodship earmarks 5 billion zlotys for the poor. The voivodship governor has moreover added 2.5 billion zlotys from local funds. Attached to 40 canteens and milk bars are free meal distribution points. Since children often avail themselves of these free meals, they will also be provided in schools. Persons active at the Silesian Charitable Society deliver 300 meals daily to the neediest who no longer [are capable of] leaving their homes. At the Katowice Train Station a group of nuns from Calcutta will, together with the Silesian Charitable Society, open next week a reception room for the homeless, where meals will be issued also. (ciesz)

**LODZ:** Meals prepared at 23 day shelters are being distributed to 850 persons. Dinners distributed in return for PKPS coupons are designed for 900 persons. Meals priced at 600 zlotys [apiece] are being served at milk bars to 1,300 persons daily. The needy will also be assured of food aid during the Holidays. The meals will be prepared in the milk bars open in the evening as well as at shelters and social care homes. Christmas suppers will be provided for the lonely. (mars)

**LUBLIN:** The neediest in Lublin can rely on aid from several institutions. The most extensive charitable activities are being pursued by Caritas, the Association of Catholics, which provides emergency food and clothing assistance for several thousand persons in Lublin, Zamosc, and Chelm. Caritas distributes 300 free meals each in Zamosc and Chelm daily, while in Lublin, where that association still lacks suitable premises for a soup kitchen and canteen, it concentrates on clothing aid,

provided chiefly to children and school youth from the poorest families. The construction of a day shelter will be completed in June 1990, and then about 500 free meals will be distributed daily. Even now, however, on the occasion of the Holidays the Lublin Caritas is preparing special food parcels for people in its care.

The Lublin branch of the Friar Albert Society operates its own kitchen and canteen, which issues 420 dinners daily, at 3 Zielona Street, and in addition the Society manages a shelter for homeless women in Bychawa near Lublin. According to the Reverend Mazur, a traditional Christmas Eve supper is being prepared for the persons in the Society's care. The Society derives the funds for its charitable activities exclusively from mendicancy, and hence it requests in this way donations to support its work on behalf of the poor (PKO Bank, II Branch in Lublin, Account No. 435280-65009-132).

The Department of Health and Social Care at City Hall sponsors 200 dinners daily for the neediest. In cooperation with the PKPS, it distributes coupons for free meals at designated milk bars and three social care homes in Lublin. The Department is not preparing additional food parcels for the Holidays, but it has ordered that traditional dishes be served on Christmas Eve and during the Holidays.

Food aid is also being provided by the Polish Red Cross. In Lublin it distributes free meals to about 100 persons daily, and in the other cities of the voivodship, to from several to several-teen daily. However, unlike the other institutions, the Polish Red Cross does not issue meal or food coupons. At specified milk bars and canteens anyone who asks for it can receive a free meal. (pok)

**KRAKOW:** The city's Health Department pays for 150 dinners and milk daily at milk bars. Effective support is provided by the Krakow Metropolitan Curia, which distributes meals at five places. In a courtyard of a former parish building operates the Shelter of the Holy Friar Albert, which provides aid to about 200 persons daily. In the convent of the Felician Sisters 500 low-cost meals are distributed daily. Extensive aid is provided by the Society of Friends of the Holy Friar Albert and the Krakow branch of the Adam Chmielowski Society. (eg)

Clearly this is not a comprehensive survey of all the forms of aid given to the needy; only some examples are given, but they show that institutions and social organizations are thinking of the needy and will try to help them. Besides, the number of persons willing to help is much greater, and all this warrants the hope that we all together, helping each other, will somehow manage to survive the coming year.

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